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ABSTRACT

This report presents a distinguished panel's findings on financial education in the U.S. In May 2002, the Secretaries of the Departments of Treasury and Education invited representatives from national youth education groups to consider the opportunities and challenges that arise when financial education is integrated into core curricula. Participants identified several access points for incorporating financial education into curricula and offered suggestions for including financial education as part of math and reading curricula. The access points included the implementation of standards and informing state boards of education about the importance of including financial education in the standards to ensure that financial concepts become a part of math and reading curricula. The resulting standards would have to be tested to monitor students' mastery of financial concepts. Publishers of textbooks and other instructional materials would need to be educated about the value of integrating financial concepts into other subjects, such as math and reading. Much financial material is available on the Internet and can be incorporated into math and reading curricula. Finally, educator training and professional development requirements would provide an opportunity to stress to education decision-makers the importance of financial education. A complete transcript of the panel's proceedings is included. (RJM)

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INTEGRATING FINANCIAL EDUCATION INTO SCHOOL CURRICULA:

Giving America's Youth the Educational Foundation for Making Effective Financial Decisions Throughout Their Lives by Teaching Financial Concepts as Part of Math and Reading Curricula in Elementary, Middle, and High Schools

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Executive Summary

As Americans, we need to be fully prepared to function in our free market economy and take advantage of the many opportunities offered to us by our financial system. Recent studies and surveys illustrate, however, that many of us do not have the knowledge or skills to make sound financial decisions. To ensure that we are prepared to meet our financial goals and responsibilities, we need to improve the financial education of Americans at all stages of their lives. The Department of the Treasury has demonstrated its long-term commitment to this goal by establishing the Office of Financial Education (OFE) that has a mission to provide all Americans with the practical financial knowledge and skills that enable them to make informed decisions and choices throughout their financial lives.

The starting point for giving people a basic understanding of personal finance is youth financial education. The best place for reaching young people is through the schools. The Department of the Treasury is working to promote the integration of financial education in schools by using reading and math lessons as a vehicle for teaching personal finance topics. Integrating financial education into required reading and mathematics courses ensures that financial skills are taught and reinforced year after year, with fewer resources than would be required if financial education courses were to be offered separately.

In May 2002, the Secretaries of the Departments of the Treasury and Education held a panel discussion with representatives from national youth education groups to consider the opportunities and challenges that arise in connection with the integration of financial education into core curricula. In the course of the discussion, the participants identified several access points for incorporating financial education into the core curricula and offered suggestions for encouraging the education policymakers to include financial education as part of math and reading curricula. These access points include:

- Standards: In a standards-based education system, standards have a significant influence on what is taught in the classroom. Accordingly, informing the state boards of education, which generally develop and adopt standards, about the importance of including financial education in the standards can help ensure that financial concepts are included in math and reading curricula.

- Testing: A standards-based education system uses testing to assess whether students are meeting academic standards. Because educators generally focus on subject matter that will be tested, including financial concepts in tests provides an incentive for teachers to teach the subject in the classroom.

- Textbooks: Publishers of textbooks and other instructional materials can be educated about the value of integrating financial concepts into other subjects, such as math and reading. Before purchasing instructional materials, states can impose requirements that publishers demonstrate how their materials incorporate financial concepts into other subjects.

- Financial education materials: There are ample financial education resources available on the Internet and from groups that produce or compile such materials. Many of these "off-the-shelf" materials can be incorporated into math and reading curricula to provide a financial education component to these subjects.
- Educators: Educator training and professional development requirements provide an opportunity to stress the importance of financial education to those individuals who are directly responsible for conveying such information to students.

Publicizing the process for curriculum development and providing guidance for utilizing these access points are important steps that the Department of the Treasury can take to facilitate the process of integrating financial education into math and reading curricula. The suggestions offered by the panel discussion participants for influencing state boards of education and other education policymakers to consider the importance of financial education are sure to prove valuable in this effort. To that end, this paper incorporates these suggestions in striving to provide a practical roadmap for all of those interested in accomplishing the goal of integrating financial education into core math and reading curricula.

I am one who believes that all 10 year-olds should have the competencies in reading and writing and computation, which give them the potential to be lifetime learners. And I see financial education as an important part of that foundation of learning that children need to have in a world that is ever more complicated and requires that all of us understand computation and finance, and the implication of savings, because they are key to participating fully in what life has to offer in the United States.

Treasury Secretary Paul H. O'Neill
Office of Financial Education Panel Discussion, May 16, 2002

I. What is the Problem?

Ownership, independence, and access to wealth are the hope of every American and financial education is an essential tool to make that hope a reality. The truth, however, is that adult Americans have an inadequate knowledge of personal finance. The average American was able to answer only 42% of the questions on a personal finance quiz correctly, with just 8% correctly answering at least three-quarters of the questions.[1] Four in ten Americans admit that they are living beyond their means primarily because of their misuse and misunderstanding of credit.[2] And, personal bankruptcy filings more than doubled between 1990 and 2000.[3]

America's youth, who are estimated to spend roughly $150 billion annually, display a similar lack of financial knowledge and skills.[4] The 2002 Jump$tart Coalition for Personal Finance Literacy Survey found that high school seniors answered just over 50% of the financial survey questions correctly.[5] In a similar survey, only one quarter of the students responding to a question about income tax knew that the federal government would deduct income tax from their paycheck.[6] Another question on the same survey found that four in ten students believed that credit card and car loans have lower interest rates than mortgage loans.[7] Young people today have tremendous spending power but clearly lack the understanding and skills to properly wield it.

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[1] Princeton Survey Research Associates on behalf of The Consumer Federal of America and NationsBank, *Planning for the Future: Are Americans Prepared to Meet Their Financial Goals?* (May 1997).

[2] Lutheran Brotherhood Survey conducted by Yankelovich Partners, *Debt: The American Way* (Jan. 2001).

[3] American Bankruptcy Institute, *U.S. Bankruptcy Filings 1980-2001* (www.abiworld.org/stats/1980annual.html).

[4] CUNA & Affiliates, *Spotlight Youth During Youth Week*, Connection: Credit Union Consumer Facts (Second Quarter 2002).

[5] Jump$tart Coalition Press Release (Apr. 23, 2002).

[6] Americans for Consumer Education and Competition News Release, *America's Money Skills Report Card* (Mar. 15, 2001).

[7] *Id.*

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These statistics point to a single conclusion: many Americans lack the financial acumen that they will need throughout their lives. When we do not understand the most important and fundamental concepts of finance, we miss our full potential as individuals and a country. Individuals in financial trouble can pay a terrible price in the form of suffering, stress, and humiliation. An understanding of personal finance also acts as a consumer's first line of defense against begin taken advantage of in the context of a financial transaction. In a broader context, individuals' inability to make sound financial decisions negatively affects the financial health of lending institutions that face greater than expected losses as a result of individual delinquencies and bankruptcies.[8]

Whether it is a 10-year old making the choice to spend his allowance on a video game or new pair of sneakers; a 30-year old budgeting her paycheck to meet multiple financial goals such as investing for retirement, saving for a house down payment, and paying daily living expenses; or a 65-year old making decisions about whether to take a lump-sum or series of payments from a retirement plan, all Americans need the knowledge and critical decision making tools to save and spend their dollars effectively. Financial education offers Americans the knowledge and skills that we need to reach our full potential.

[8] American Bankruptcy Institute, U.S. Bankruptcy Filing Statistics (http://www.abiworld.org/stats/newstatsfront.html).

When President Bush took office, he made it his mission to foster an environment toward upward mobility for all Americans – an environment where each citizen has an opportunity to learn to save, and to invest, and to pursue their own American dream. Education is where it all starts.

Education Secretary Roderick Paige
Office of Financial Education Panel Discussion, May 16, 2002

II. Why is Financial Education the Right Solution?

Financial education for people of all ages is important. Studies show that individuals who have received financial education participate more frequently in, and make larger contributions to, employer 401(k) programs[9] and have a significantly higher savings rate.[10] Recognizing the important role that financial education plays in preparing Americans to make informed financial decisions every day, the Department of the Treasury, demonstrating its long-term commitment to financial education, established the Office of Financial Education (OFE) earlier this year.[11]

The OFE's mission is to provide all individuals in America with the practical financial knowledge that enables them to make informed financial decisions and choices throughout the various stages of their lives. Specifically, the OFE will endeavor to provide Americans with the practical skills to make informed financial decisions regarding basic savings, credit management, retirement planning, and homeownership. For example, it is a goal of the OFE to ensure that all individuals have the knowledge and skills to understand a bank statement, obtain and read a credit report, comprehend the differences between a fixed rate and adjustable rate mortgage, and calculate the amount of savings needed for their retirements. In other words, it is not enough to give people knowledge alone – we must be certain that the knowledge is accompanied by practical skills that individuals can apply to the financial decisions they face every day.

Although it is important to offer financial education to individuals at the various stages of their lives, financial education efforts targeted at a specific type of financial decision making, such as buying a home or saving for retirement, will be most successful when a person already possesses a basic understanding of financial concepts. Like all types of education, financial education begins with teaching the basics that will provide an individual with a foundation for analyzing increasingly complex financial problems.

[9] Patrick J. Bayer, B. Douglas Bernheim, and John Karl Scholz, *The Effects of Financial Education in the Workplace: Evidence from a Survey of Employers* (Jun. 1996).

[10] B. Douglas Bernheim and Daniel M. Garrett, *The Determinants and Consequences of Financial Education in the Workplace: Evidence from a Survey of Households* (Mar. 1996).

[11] OFE was established under the leadership of the Assistant Secretary for Financial Institutions and is headed by Deputy Assistant Secretary Judy Chapa. OFE's mission is to focus the Department's financial education policymaking, and to ensure coordination on financial education within the Department and its bureaus. Moreover, OFE serves to provide the Department of the Treasury with expertise on the many complex and interdisciplinary issues involved in financial education, and is able to tap into the Department's wide base of expertise on finance.

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Introducing the youngest students to financial education basics in schools helps them to develop the building blocks they will need to make good financial decisions throughout their lives. Just as our schools do not teach children to read without first teaching them the letters of the alphabet or to do long division without first teaching them to count, the same should hold true for financial education. We cannot expect a 30-year old to comprehend the mortgage closing process or a 65-year old to make informed investment and spending decisions regarding retirement income if we have not given them an understanding of the basic concepts of personal finance. Accordingly, the OFE also will strive to create an awareness of the need for, and the importance of, financial education for America's youth.

The best and most obvious starting place for providing financial education to young people is in schools. No better venue exists to reach a large segment of the youth population than through the school system. The evidence shows that youth financial education can make a difference. Individuals graduating from high schools in states that mandate personal finance education courses have higher savings rates and net worths as a percentage of earnings than those who graduate from schools in other states.[12] Teaching financial education in schools starts the process of preparing children to become competent consumers and managers of household wealth. Conveying financial education concepts as part of core subjects, such as math and reading, offers an even more effective method for instilling financial skills in students. This type of approach provides a context for understanding personal finance concepts, enhances teaching of math and reading, and makes financial education less susceptible to elimination because of budgetary reasons or scarce resources.

Historically, American education placed a higher priority on financial education as a way to teach children math and English, and still provides some excellent examples of how financial concepts can be integrated into other disciplines. For instance, early math primers often included problems that required students to calculate the cost of various items and English composition textbooks included assignments to write out a receipt or bill of sale for various items.

During the past 20 years, however, the standards-based reform movement in the U.S. educational system necessarily placed significant emphasis on teaching students basic literacy, mathematical, and science skills. Because of this focus, many schools may have overlooked the importance of teaching financial education in the classroom. The good news is that the standards-based reform movement is progressing and evolving by expanding its scope to make room for financial education among the other subjects, such as math, English, science, and social studies, that have traditionally been thought of as important for our Nation's children to learn. This is vividly demonstrated by the provisions of the No Child Left Behind Act of 2001 (No Child Left Behind Act), signed into law by President George W. Bush earlier this year. The provisions of the Act emphasize the need for high standards, at the same time recognizing the importance of financial education.

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[12] B. Douglas Bernheim, Daniel M. Garrett, and Dean M. Maki, *Education and Savings: The Long-Term Effects of High School Financial Curriculum Mandates* (Jun. 1997).

What are the principles of good education? Well it starts with having high standards, high expectation. It starts with having people who believe that every single child can learn.

President George W. Bush,
Remarks at Rufus King High School, Milwaukee, WI, May 8, 2002

III. What Has Been the Effect of Standards-Based Education Reform?

Standards-based education embraces the belief that all children should have access to a more challenging curriculum content and they should be expected to learn that content at a proficient to high level of performance. As states have adopted standards in other subjects, such as math and reading, local schools have had to increase the time spent in subjects that will be assessed sometimes at the expense of other subjects, including financial education. To alleviate this problem, one of the objectives of the OFE is to encourage the incorporation of basic financial concepts into math and reading curricula in the elementary, middle, and high schools.

The trend toward standards-based education began approximately 20 years ago after the 1983 release of National Commission on Excellence in Education (NCEE) study "A Nation At Risk."[13] The NCEE had found that "[t]he educational foundations of our society [were] being eroded by a rising tide of mediocrity that threaten[ed] our very future as a nation and a people." One of the solutions suggested by the study was the establishment of a common core curriculum. A short time later, the Carnegie Foundation for the Advancement of Teaching issued data that it claimed amounted to "an indictment of the schools." Its report indicated that nearly 75% of the major U.S. corporations it surveyed were forced to offer their employees courses in reading, writing, and computation, and that American corporations were spending more than $40 billion per year to educate their workers.

Following the release of these studies, both the government and private sector became more involved in education policy. On the government side, former President George Bush convened a national education summit in 1989 to draft national education goals, and in that same year, he and the state governors formed the National Education Goals Panel to monitor and report on progress toward the objectives agreed upon. The 1994 reauthorization of the Elementary and Secondary Education Act of 1965 required every state to adopt rigorous content standards in reading, math, science, and social studies. The private sector also became more involved in the effort, hosting subsequent National Education Summits in 1996, 1999, and 2001. A group of private sector executives, along with a group of state governors, also founded Achieve Inc., a nonprofit, bipartisan effort that works with states to raise education standards. As a result of these public and private sector efforts, today forty-nine states and the District of Columbia have adopted

[13] *A Nation at Risk: The Imperative for Educational Reform*, A Report to the Nation and the Secretary of Education United States Department of Education by The National Commission on Excellence in Education (Apr. 1983).

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standards in the core subjects at the state level. Iowa, on the other hand, has continued to allow local school districts to set their own standards, believing that when communities set the standards for their own students, standards will be more meaningful and result in higher expectations.[14]

The core of any standards-based system is the development and adoption of standards. These standards include content standards that describe what students at each grade level should know and achievement standards that establish the minimal level of achievement required for each content standard. In most cases, state education boards adopt the content and achievement standards. After establishing standards, student progress must be measured or assessed in relation to the standards. Assessment generally takes the form of testing. Finally, students and educators must be held accountable for meeting the standards. Thus, in a standards-based system, standards should dictate test content and curriculum. Accordingly, incorporating financial education concepts as part of math and reading standards and assessments helps guarantee the inclusion of financial education in the curricula.

The No Child Left Behind Act also reflects the national movement toward standards-based education. In addition to recognizing for the first time financial education as an important element of education overall, the legislation provides for sweeping reform of the Elementary and Secondary Education Act. Included among the Act's provision are requirements that states set high standards for achievement in reading and math, as well as science starting in 2005. The Act also requires states to test every child in grades 3 through 8 in reading and math, and at the elementary, middle, and high school levels in science beginning in 2007, to ensure that students are making progress in achieving those standards. As states are reevaluating their math and reading standards to ensure that they are aligned with the No Child Left Behind Act, they also are in an excellent position to adopt personal finance concepts as one component of their revised standards.

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[14] *Iowa: The One That Got Away*, PBS/Frontline: Testing Our Schools (www.pbs.org/wgbp/pages/frontline/shows/schools/standards/iowa.html).

If schools can integrate personal finance into core math and reading standards, it will help promote financial education for our Nation's youth and make math and reading more relevant as well.

Former Treasury Assistant Secretary Sheila C. Bair
Office of Financial Education Panel Discussion, May 16, 2002

IV. How Do We Integrate Financial Education Into the Math and Reading Curricula in a Standards-Based System?

In May 2002, Treasury Secretary O'Neill and Education Secretary Paige hosted a panel discussion (the OFE Panel Discussion) with leaders of key national youth education groups to discuss methods to promote the integration of financial education concepts into core curriculum in U.S. schools.[15] The discussion reaffirmed the Department of the Treasury's belief in the need for improved youth financial education. In addition, the discussion strengthened the Department's commitment to facilitate the process of incorporating financial concepts into math and reading curricula as a means to improve youth financial education and enhance students' comprehension of other subjects. Secretary O'Neill concluded his opening remarks by avowing that "[the Department of the Treasury is] dedicated to doing [its] part . . . in conjunction with the Department of Education . . . in a way that makes a difference."

When considering youth financial education, the integral role that state and local governments play in setting education policy cannot be overlooked or undervalued. Secretary Paige noted in his opening statement that ". . . this Administration has given the states unprecedented resources and flexibility to address the issue of financial literacy head-on." The federal government, however, is in a unique position to study and publicize the benefits of including financial education as part of math and reading curricula, and to provide this information and other assistance to states as they develop education standards, assessments, and curricula that include financial education.

Because state and local governments have a significant amount of authority concerning education policy, much of the conversation at the OFE Panel Discussion focused on the benefits of incorporating financial education into the math and reading curricula within a standards-based educational system and identifying the "access points" for accomplishing this goal. Identifying the access points at which state and local

[15] The representatives of national youth education groups at the OFE Panel Discussion were: Jennifer Manise, Council of Chief State School Officers; Dr. Billie Orr, President, Education Leaders Council; Dr. Darrell Luzzo, Vice President, Junior Achievement, Inc.; Hedva Kobes, Senior Vice President, Junior Achievement of the National Capital Area; Margaret Evans, Assistant Executive Director, National Association of Elementary School Principals; Brenda L. Welburn, Executive Director, National Association of State Boards of Education; Dr. Mary Yakimowski, National Association of Test Directors; Pam Matthews, Associate Executive Director, National Council of Teachers of Mathematics; Robert F. Duvall, President and CEO, National Council on Economic Education; Michael Caslin, CEO, National Foundation for the Teaching of Entrepreneurship; Robin Thurman, Director, National School Boards Association; Dura Duguay, Executive Director, The Jump$tart Coalition; Lawrence C. Patrick III, President and CEO, Black Alliance for Educational Options (BAEO); and Adam Chavarria, White House Initiative on Excellence For Hispanic Americans.

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policymakers can be informed about the benefits of including financial education concepts in other subjects helps ensure that federal government efforts are appropriately targeted. It also can provide guidance to other groups interested in persuading policymakers to engage in this type of education reform. The OFE Panel Discussion participants recognized several points in the educational system where targeted efforts to alert decision makers about the advantages of including financial education in the math and reading curricula would be most effective. The access points include: the standards development process, testing, textbooks and instructional materials, using off-the-shelf financial education curricula, and educators.

A. Influencing the Standards Development and Reevaluation Process

Content and achievement standards, as the core components of a standards-based education system, significantly affect what is taught and tested in schools. All proponents of standards-based reform agree that for the system to be successful, assessments and curricula must align with the content and achievement standards. In other words, standards have little value if they are not reflected in the course of study that is taught in the classroom and the knowledge that is measured through student testing. Accordingly, when a state has aligned its standards, assessments, and curriculum, if financial education is included in the content and achievement standards, there is a strong likelihood that financial education will be taught in the classroom and included in testing.

Financial education concepts such as balancing a checkbook or calculating compound interest can be incorporated easily into a math curriculum. Similarly, learning to read a Truth-in-Lending Act disclosure or basic apartment or car rental agreement can comprise a useful reading lesson. If standards do not specifically recognize the importance of financial education, however, these concepts are unlikely to be included in curricula. Even if standards require "real life applications," this will not ensure that financial education becomes part of the curricula. Adopting this sort of broad, ambiguous requirement as part of the standards, as noted by Dara Duguay during the OFE Panel Discussion, will not necessarily result in curricula developers making the connection between "real life applications" and financial education. As a result, it is particularly important that financial education concepts are specifically included as part of math and reading standards. For example, a math standard might specifically require a student to solve math problems using financial skills. Robert Duvall suggested that a first step in revising math and reading standards to include financial education concepts would be to review and build upon states' economics standards that already address personal finance topics and financial decision-making skills.

Recognizing the importance of including financial education as part of math and reading standards, a key question remains: how specifically can we influence the standards setting process to promote the inclusion of financial education in math and reading

curricula? Although the state education board is ultimately responsible for adopting academic standards in nearly all states, the process often provides significant opportunities for input. In many states, the state education boards seek guidance from standards committees, school principals and superintendents, teachers, focus groups, and the general public to help develop and refine their content and achievement standards. The state education boards also may look to model standards developed by discipline-based organizations that have an expertise in a certain subject area.

Most states are currently in the process of reevaluating their academic standards. This may be the result of the No Child Left Behind Act's requirement to enhance standards in math and reading. Alternatively, it may be occurring because states generally reevaluate their standards on a periodic basis and many happen to be at that point in the cycle right now. Therefore, several participants in the OFE Panel Discussion suggested that it is an opportune time to provide state education boards with information about the importance of financial education and offered recommendations for the best methods for delivering the message.

Brenda Welburn, for instance, indicated that while horror stories about kids with credit cards and children not learning to save are common, the theme has not historically been presented to the state education boards. She suggested that these types of issues need to be raised when math or other standards are discussed to make the state education boards aware of how important it is to include financial education in the curriculum. If it is not possible to raise the issues directly with the state education boards, Ms. Welburn suggested that the issues be brought to the attention of other groups specializing in standards development for inclusion in their presentations to the state education boards.

In connection with the timing of standards reform, Dr. Mary Yakimowski advocated quick action to coincide with the standards review and reevaluation process that is currently underway. Dr. Yakimowski also pointed out the significant role that teachers can play in this process because many states will convene a group of teachers, along with others, to develop and decide on the standards that will be submitted for consideration to state education boards. Accordingly, raising teachers' awareness of the problems associated with a lack of financial education will encourage them to think about the issue as they participate in the standards development process. She suggested that an appropriate forum for publicizing the issue to educators might be an upcoming major conference dealing with the issue of large-scale assessments or similar conferences. Finally, Dr. Yakimowksi noted that the general public also plays an important role as state plans are being developed and submitted, which can have profound implications on what students learn.

Other participants in the OFE Panel Discussion suggested enlisting state officials, such as governors or state treasury officers, or interested private sector executives to carry the message about the importance of financial education in the classroom to state education boards. For instance, Jennifer Manise suggested bringing together officials from state treasury and education departments to develop methods for integrating financial

education into math and reading curricula. Dara Duguay provided as an additional example, the work of a small group of individuals from the public and private sectors that persuaded the New York Commissioner of Education to rethink dropping the state's economic education requirement. The group, which included representatives of the Council on Economic Education, the Federal Reserve, and J.P. Morgan Chase, was so successful in its efforts that New York, rather than eliminating its economic education requirement, developed a brand new outline for the state's economic curriculum. Similarly, Wisconsin's Governor became interested in the efforts of a group that was working to integrate financial education into the core curriculum, and, as a result, established a state task force to further the effort.

B. Encouraging Financial Education Through Testing

Another key component of a standards-based education system is the assessment. Assessments provide a way to measure whether students are meeting or exceeding standards. Importantly, a number of the OFE Panel Discussion participants raised the point that even if included in the standards, subject matter often is not taught in the classroom until it appears on the assessment or test that measures students' knowledge. In other words, teachers often "teach to the test." This fact highlights the need for the test makers' participation in efforts to integrate financial education into math and reading curricula.

In the best case scenario, when a state's math and reading standards include financial education concepts and its assessments are aligned with the standards, math and reading tests generally also will include finance concepts. On the other hand, participants at the OFE Panel Discussion noted that if financial education skills are not specifically mentioned in standards, it is unlikely that they would be included in testing. This led to a discussion of other methods for encouraging test makers to incorporate personal finance concepts into math and reading questions.

In most states, tests are adopted at the state level. States, therefore, can develop policy principles that affirm, among other things, a state's commitment to teaching students financial skills and ask the test makers to develop tests that are consistent with the state's principles or ask the test makers to describe how their existing tests are in accordance with the principles. Alternatively, a state can include specific requirements regarding the inclusion of financial education concepts in test questions when it issues a Request for Proposal (RFP) for tests and assessments. As a result, a test maker that is bidding for the state contract has an extremely strong incentive to incorporate financial education into the tests it is proposing to provide to the state to meet the requirements of the RFP.

Other OFE Panel Discussion participants suggested encouraging test makers to move away from old-fashioned types of testing, such as exclusively using a multiple-choice format, and instead utilize quality, problem-solving questions. Currently the quality of assessment methods is the subject of significant debate in both the education community and the mainstream media. In light of this debate, Dr. Yakimowski stated her belief that

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it is an ideal time to influence how students are tested. Educating the test makers about the importance of financial education is a first step to convincing them to adapt their test forms. If several states or groups unite their efforts and/or recruit high-level public officials to convey their message, the test makers, recognizing market forces at work, are even more likely to respond favorably.

C. Textbooks and Instructional Materials

Textbooks and other instructional materials, like assessment tests, must be aligned with state standards to give the standards real meaning. When financial education is included in math and reading standards, it creates a demand for textbooks and other instructional materials that incorporate financial education into these subjects. But even if financial education is not specifically included in math and reading standards, participants at the OFE Panel Discussion identified other ways to encourage the publishers of instructional materials to incorporate financial education into their products.

As with testing, states have the ability to influence the publishers of textbooks and other instructional materials by developing policy principles that stress the importance of financial education. Since many states approve textbooks at the state level, requiring publishers to demonstrate how their textbooks conform to the state's policy principles or including financial education requirements as part of an RFP can have a significant influence on the producers of these materials.

In addition, textbooks may already address a variety of concepts, not all of which are intended to fit narrowly within the parameters of the book's primary subject, that could be used to foster discussion of financial concepts. For example, a history textbook that describes the 1794 Whiskey Tax Rebellion can describe what an excise tax is and how it functions in order to provide students with a better understanding of the reasons for the uprising, as well as enlighten them about the present use of such taxes. Informing the textbook publishers about the importance of financial education and encouraging them to incorporate these concepts into other subject matters could have beneficial results.

In addition to textbooks, schools use a variety of instructional materials that provide additional opportunities for teaching financial education in conjunction with other subjects. In many cases, it is easier for a school district to adopt and use these materials than it is to change textbooks. Therefore, it may be useful for schools to consider the content of these non-textbook materials as they begin to incorporate financial education into other subjects.

D. Other Financial Education Resources

There is no shortage of financial education resources currently available. Internet searches for financial education or financial literacy curricula return hundreds of "hits,"

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various organizations have compiled lists of financial education resources, and several web sites act as clearinghouses that offer materials for all types and levels of financial education programs. The various financial education curricula tend to be targeted at a specific audience, such as youth, adults, women, homebuyers, or immigrant and migrant workers in the United States. Educational institutions, non-profit organizations, community and consumer groups, trade associations, and private sector companies offer these materials individually, through partnerships, or in conjunction with a state or federal agency. They cover a wide range of topics including:

- Basic financial planning (e.g., developing savings goals, consumer scams, and overview of money and marketplace);
- Cash management (e.g., tracking expenses, communicating about money, and planning major purchases);
- Savings (e.g., smart shopping and reducing expenses);
- Banks (e.g., service, products and options, how banks work, and electronic services);
- Credit (e.g., using and managing it effectively, obtaining a credit report, credit repair, reducing debt, selecting credit cards, and bankruptcy);
- Investing (e.g., retirement planning and investment strategies);
- Taxes (e.g., understanding taxes and preparing tax forms);
- Insurance (e.g., various types of insurance and avoiding insurance fraud); and
- Other topics (e.g., record keeping and consumer rights and responsibilities).

The Appendix to this paper includes a list of Internet clearinghouses and other organizations that compile lists of financial resources available for use by educators and others.[16]

The programs geared toward youth financial education obviously will have the most relevance in connection with efforts to integrate financial concepts into the core curricula in schools. Some examples of materials targeted toward elementary, middle, and high school students include: MoneyMath: Lessons for Life; Financial Fitness for Life; Basics of Savings and Investing; Financial Choices; High School Financial Planning Program; How Chuck Taylor Got What He Wanted; and Money Series for Kids.[17] These programs provide age-specific lessons and materials for teachers to incorporate into the classroom.

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[16] The Department of the Treasury neither endorses nor ensures the accuracy or completeness of the resources listed.

[17] These examples were chosen from a number of the financial clearinghouse web sites because they target school-aged audiences and are not specifically endorsed by the Department of the Treasury.

For instance, lesson plans for children in grades K-2 might emphasize hands-on exercises, storybooks, and reinforcing financial education through other topics such as arts and music. Programs for middle school students may involve more abstract thinking, goal setting, and research. The curricula for high school students is likely to focus on "real world" skills, such as evaluating career choices, using credit wisely, and planning for a post-high school education.

Many of these "off-the-shelf" materials can be used to meet existing state standards in math and reading, as well as new standards that incorporate financial education. For example, the California Council on Economic Education is developing a matrix to show how California State math standards are aligned to financial education concepts and lists existing curricula and other materials that could be used in the classroom.[18] In addition, a group of Virginia math educators recently reviewed *Money Math: Lessons for Life* to determine whether a correlation existed between this program and Virginia math standards and to develop a resource for teachers that illustrates this correlation.[19] The study found that implementing *Money Math* into an existing curriculum could be achieved in a variety of ways to meet the state's math standards of learning.

In the area of reading, SPEC Publishers, Inc. has published *Economics and Children's Literature,* a manual of 45 lesson plans that bridge the subjects of economics and reading by using commonly-read children's fiction and non-fiction books as a basis for teaching economic concepts, such as scarcity, opportunity cost, and resources. *Newspapers in Education* is another program that promotes literacy, societal awareness, and media comprehension by linking financial education and reading in lesson plans that emphasize the teaching of financial principles through reading the newspaper.

E. Financial Education and Educators

Whether it is through their influence in the process of standards and curriculum development or in their role as teacher in the classroom conveying knowledge based on these standards to students, educators play a significant role in determining what students will learn. Dr. Yakamowski emphasized this important role of educators as leaders when she noted during the OFE Panel Discussion that "we know when the [classroom] door closes, it's the teacher and what the teachers present to the youngsters" that determines whether students will meet or exceed the standards. She suggested identifying, and recognizing the accomplishments of, teachers who are leaders in the

[18] California Jump$tart Coalition Matrix (matches California math standards, Jump$tart Personal Finance Standards, and Jump$tart Coalition Member Programs through the development of a web site and teacher training on the use of personal finance programs to teach math curriculum).

[19] MONEY MATH: LESSONS FOR LIFE, A Correlation to the Virginia Standards of Learning in Mathematics and Computer/Technology (prepared by a group of Virginia mathematics educators who met and review Money Math: Lessons for Life to determine whether a correlation existed between the document and the Virginia Mathematics Standards of Learning for grades 6, 7, 8, Algebra I, and Computer/Technology Standards for Grade 8, and to develop a resource for teachers that delineates the correlation).

field, and using them as models, to spread the message about the importance of financial education. Stressing the importance of financial education to the educators offers a significant opportunity to influence its incorporation into curricula.

To effectively convey financial education to students, however, teachers may also need support in better understanding concepts of personal finance. If some teachers are not comfortable with financial concepts, they may tend to avoid teaching the subject. OFE Panel Discussion participant Robert Duvall noted that we need to teach the teachers how to incorporate economics and personal finance decision making skills into the curriculum and arm them with good materials for achieving this goal. Mr. Duvall's comment points out the importance of effective teacher training and on-going professional development.

Teachers, like other skilled professionals, receive intense and varied education as a part of their training to become a teacher, and thereafter receive subsequent professional education. Including financial education as part of initial and on-going teacher training stresses the importance of the subject matter and encourages teachers to convey this information in the classroom. There are various materials available for teachers on the topic of personal finance. There are also several financial education groups that specifically concentrate on teaching the teachers about finance and its application to education, such as the National Council on Economic Education. Teacher training is yet another avenue by which teachers can be influenced to incorporate financial education into the curriculum. As Deputy Education Secretary Hansen pointed out at the OFE Panel Discussion, the No Child Left Behind Act provides further opportunities in this regard as it contains provisions for funding teacher development that might be used to further this financial education effort.

Encouraging or introducing financial education as a component of their professional education may be helpful in encouraging teachers and future teachers to integrate such information into other subjects that are part of the core curricula. As Dr. Billie Orr noted during the OFE Panel Discussion, because it is teachers who, in many cases, are called on to translate standards into the reading, writing, and mathematics curriculum, it is important for teachers to learn the skills to accomplish this task.

Financial education can be compared to a road map to the American Dream. I believe that we need to teach all Americans the necessary skills to read that map, so that they can reach the dream.

Treasury Secretary Paul H. O'Neill,
Testimony Before the Senate Committee on Banking, Housing and Urban Affairs, February 5, 2002

V. What Else is the Federal Government Doing to Promote Financial Education?

The current Bush Administration has placed great emphasis on taking reasonable, measurable steps to improve education in general and to focus on the need for financial education in our schools in particular. As noted above, the No Child Left Behind Act includes specific language recognizing the importance of financial education efforts by schools. Financial education is included among the 27 local innovative education programs for which there is $385 million available in Innovation State Grant funds for distribution to the states. As explained by Deputy Education Secretary Hansen at the OFE Panel Discussion, it is expected that this money will filter down to the local school districts, with the superintendents ultimately making the decisions about which one, or combination of programs, to fund. The Departments of Education and the Treasury encourage local superintendents to use at least some of the money to fund financial education initiatives.

In addition, the Department of the Treasury and the Department of Education have forged a partnership to consider the topic of financial education. Financial education, by its very terms, involves two skill sets: a knowledge of finance, in which the Treasury specializes and a knowledge of how to teach, the specialty of the Department of Education at the federal level. This partnership is intended to draw upon the strengths and core competencies of both agencies. The OFE Panel Discussion was the first initiative undertaken as part of the Treasury/Education partnership.

Other current Department of the Treasury financial education initiatives, including a "Bank on Your Schools" program, were discussed by Assistant Secretary Bair during her May 2002 testimony on the "unbanked" before the Senate Committee on Banking, Housing, and Urban Affairs.[20] In addition to the Department of the Treasury, many other federal departments and agencies are involved in the effort to promote financial education in this country. In February 2002, testifying before the Senate Committee on Banking, Housing, and Urban Affairs, Secretary O'Neill highlighted the efforts of the Department of the Treasury and other federal departments and agencies to promote financial education.[21] The Secretary's testimony included a summary of the efforts of the agencies to improve financial education in this country.

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[20] http://www.senate.gov/%7Ebanking/02_05hrg/050202/bair.htm.

[21] http://www.senate.gov/%7Ebanking/02_02hrg/020502/oneill.htm.

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All of these efforts help to achieve the ultimate goal of preparing Americans, both young and old, to take charge of their own financial lives and to make decisions that that will allow them to attain independence, security, and access to wealth. This goal is reflected in the OFE's mission, which calls for giving all Americans the practical financial knowledge to make informed decisions and choices throughout their lives. Emphasizing the importance of financial education for America's youth and providing opportunities for individuals to obtain "real life" skills needed to make decisions regarding basic savings, credit management, retirement planning, and homeownership will help ensure that we accomplish this goal. As President George W. Bush stated in his inaugural address, "[t]he ambitions of some Americans are limited by failing schools and hidden prejudices and the circumstances of their birth. We do not accept this, and we will not allow it." In order to achieve this goal, we must ensure that all Americans have received an adequate financial education that both permits people to believe that their ambitions do not have to be limited and equips people with the skills to actually achieve them.

The direction in which education starts a man will determine his future life.

Plato, The Republic

VI. Conclusion

The importance of high quality education to the future of our society and to our nation's economy can never be underestimated. Through education comes knowledge and knowledge is power. Ultimately, the goal of financial education is to provide Americans with the power to fashion lives for themselves filled with meaning, dignity, and happiness. The OFE plans to help accomplish this goal by raising awareness about the need for youth financial education as part of elementary, middle, and high school education.

Teaching children at a very early age practical skills about the value of savings, wealth accumulation, and the appropriate management of a household helps them to become economically self-sufficient adults. Financial education involves more than just learning about money for its own sake. Rather, it is one tool, among many, that can facilitate learning in a variety of subjects. When integrated into math and reading curricula, financial education provides students with practical information they need to make sound financial decisions now and in the future, as well as the opportunity to more effectively comprehend these topics.

The experts in youth education have helped us identify a variety of methods for ensuring that financial education becomes part of the core curriculum in schools. Their recommendations urge immediate action and provide guidance for leveraging the access points in the educational system – standards, testing, instructional materials, financial education resources, and educators – to encourage the integration of financial education into the math and reading curricula. By guaranteeing that today's students are given the opportunity to obtain the financial knowledge and skills that they will need throughout their lives, we prepare them to pursue their own version of the American Dream.

Appendix A

Financial Education Curriculum Clearinghouses

Jump$tart Coalition for Personal financial Literacy www.jumpstartcoalition.org

National Council on Economic Education (NCEE) www.ncee.net

National Endowment for Financial Education (NEFE) and American Express *Economic Independence Clearinghouse List of Educational Materials* www.nefe.org/amexeconfund

National Center for Financial Education (NCFE) www.ncfe.org

National Institute for Consumer Education (NICE) www.nice.emich.edu

Panel Discussion Transcript:

Integrating Financial Education Concepts into Core School Curricula – Opportunities/Obstacles

May 16, 2002

The Panel Discussion convened in the Treasury Cash Room, 1500 Pennsylvania Avenue, N.W., Washington, D.C., at 9:30 a.m., Sheila C. Bair, Assistant Secretary for Financial Institutions, presiding.

PRESENT:

Paul H. O'Neill	Secretary of the Treasury
Roderick R. Paige	Secretary of Education
Rosario Marin	U.S. Treasurer
Bill Hansen	Deputy Secretary of Education
Sheila C. Bair	Assistant Secretary for Financial Institutions
Judy Chapa	Deputy Assistant Secretary for Financial Education
Jennifer Manis	Council of Chief State School Officers
Dr. Billie Orr	President, Education Leaders Council
Dr. Darrell Luzzo	Vice President, Junior Achievement, Inc.
Hedva Kobes	Senior Vice President, Junior Achievement of the National Capitol Area
Margaret Evans	Assistant Executive Director, National Association of Elementary School Principals
Brenda L. Welburn	Executive Director, National Association of State Boards of Education
Dr. Mary Yakimowski	CEO, National Association of Test Directors
Pam Matthews	Associate Executive Director, National Council of Teachers of Mathematics
Robert F. Duvall	President and CEO, National Council on Economic Education
Michael Caslin	CEO, National Foundation for the Teaching of Entrepreneurship
Robin Thurman	Director, National School Boards Association
Dara Duguay	Executive Director, The JumpStart Coalition
Lawrence C. Patrick, III	President and CEO, Black Alliance for Educational Options

MS. BAIR:

My name is Sheila Bair and I am the Assistant Secretary of the Treasury for Financial Institutions. We appreciate you joining us here for this first in a series of panel discussions the Treasury has planned on the important subject of financial education.

We are honored to have as co-hosts for this morning's event the Secretary of the Treasury, Paul O'Neill; Secretary of Education, Rod Paige; United States Treasurer Rosario Marin; and Deputy Secretary of Education, William D. Hansen.

The format for this morning's event will be as follows. Each of our distinguished co-hosts will make brief opening remarks. I will then ask each of our panelists to introduce themselves and their organizations.

Time permitting, our co-hosts will entertain questions from members of the media. We will then break a little after 10:00, at which point members of the media will be excused.

Let me begin by introducing my boss, Paul O'Neill, the 72nd Secretary of the Treasury. Secretary O'Neill has been active in promoting youth education throughout his career, stemming back to his days at the Office of Management and Budget, where he was involved in the development of education policy, and carrying through to his tenure as Chairman and CEO of Alcoa, where among other things he chaired the Pennsylvania Education Standards Commission.

He has told me that his own childhood experience with the U.S. Savings Bond program made him a lifetime saver, and he feels strongly about instilling an understanding of the value of savings into all of our Nation's youth. Secretary O'Neill.

SECRETARY O'NEILL:

Thank you very much, Sheila. Let me welcome you all to the Treasury building, and to this room which has only recently been restored to its original condition.

We are very proud of it because we think it illustrates an important aspect of the American people's system, and the tradition which is now dating back to 1836, when this building was under initial construction.

We are developing a real history of the United States and we are proud to be temporary occupants of this great space, and to continue a tradition of doing important things in this room.

A couple of weeks ago, we hosted the finance ministers from around the world, and this meeting this morning for me is a continuation of using this as a site for working on and doing important, and even great, things.

Because I'm one, as Sheila has indicated, who believes that if education isn't the most important thing, it is hard to imagine what else one would put at the top of the list, and I am dedicated to the proposition that education is the most important thing, and when

I am not doing the things that are necessarily associated with being the Secretary of the Treasury, I am still paying a lot of attention to these issues.

And so it is a great pleasure, and we welcome you all here today to talk about education, and to get your ideas, particularly about financial education.

It is wonderful to have an opportunity to welcome my friend, Secretary Paige here, who is the number one school person in the Nation, and an individual that I am proud to be associated with, because he has demonstrated not only that he cares, but he knows how to produce results, including taking a leadership position, and then getting the President's most passionately felt legislation passed to ensure that no child is left behind.

And so today we are interested in working on financial education, and I am one who believes that 10 year olds should have the competencies in reading and writing, and computation, that gives them the potential to be lifetime learners, as though perhaps if they never saw the inside of an organized education institution again, they would still be as educated as one could ever hope to be.

And I see financial education as an important part of that foundation of learning that children need to have in a world that is ever more complicated and ever more requires that all of us understand computation and finance, and the implication of savings, because it is a key to participating fully in what life has to offer in the United States, and to understand why savings is important, and how compound interest works, and the magic of compound interest.

These are things every person in America should understand. Our data surveys tell us about 50 percent of the children, or 50 percent of the high school graduates don't really understand the fundamentals of financial activities.

And this is a time when almost everyone, including some of our children, and for me now grandchildren, are being besieged by offers to have their own credit cards before they are old enough to drive.

So I think we have a lot at stake here, and we are dedicated to doing our part and doing it in conjunction with the Department of Education and Secretary Paige, in a way that makes a difference. Thank you, Sheila.

MS. BAIR:

Thank you, Secretary O'Neill. Next, we will be hearing from Education Secretary Rod Paige, the 7th Secretary of Education. The son of public school educators, Secretary Paige has devoted his entire career to education.

His distinguished service includes 10 years as Dean of the College of Education at Texas Southern; 5 years as trustee and officer to the Board of Education of the Houston Independent School District; and 7 years as superintendent of the Houston Public Schools.

He is the Administration's point person in the president's drive to ensure that every American school child has access to a quality education. Secretary Paige.

SECRETARY PAIGE:

I would like to begin by thanking Paul for his generous comments, and most of all, I want to thank you for your leadership on this very important issue.

For too long, too many Americans have been caught between prosperity and poverty. Living paycheck to paycheck, with little or no savings, and living under the very real threat that the slightest setback could wipe them out completely.

When President Bush took office, he made it his mission to foster an environment towards upward mobility for all Americans; an environment where each citizen has an opportunity to learn to save, and to invest, and to pursue their own American dream.

Education is where it all starts, and thanks to the bipartisan work of Congress, and the vision of our President, we have a great tool now to get that accomplished. It is called the "No Child Left Behind Act of 2001."

The President signed this great Act on January 8th of this year. The bottom line of it is that the President has called upon this Nation to commit itself to the bold goal of creating in this nation an education system worthy of our great nation; one that is based on accountability for results, flexibility and local control, expanded parental options, and doing what works.

The ability to read and to comprehend drives all success in school and also in life. Just as important is financial literacy. The health of our nation's economy, and the health of our nation's households, depend on Americans understanding money basics, like budgets and income, managing credit, and building savings.

Not understanding these basics has some real consequences for all of us. As Paul has pointed out, 4 in 10 Americans admit they are living beyond their means. In the decade between 1990 and 2000, personal bankruptcies rose 60 percent.

And Nellie Mae recently reported that 13 percent of college students are already deep in credit card debt, averaging $3,700 in debt. Something is clearly wrong.

Clearly, there is more that we can do as Americans to better the situation, and to help Americans better understand how to save and invest for themselves, and for their families. And we are doing our part.

And I am pleased to announce now that the Department of Education is making up to $250,000 in grant money available to organizations working to promote financial literacy among our Nation's young people.

In addition, this Administration has given States unprecedented resources and flexibility to address the issue of financial literacy head-on. The President has proposed more than $2 billion in funding that States and communities may use to teach young people and adults the basis of budgeting, of managing, and saving money.

If States are looking for good ideas, I have a suggestion. Look towards Los Angeles, and an operation called "Operation Hope." It was started by John Bryant, an entrepreneur with a good sense of economics.

John looked around at the poverty in parts of L.A., and decided that the best thing that he could do was to help teach young people the fundamentals of financing, like how to plan beyond the next paycheck, and how to start a business, and how to buy a house, and how to save for retirement, and how to make decisions about job training, and how to save for college.

John put it best when he said that there is a difference between being broke and being poor. Being broke is a temporary situation. But being poor is a disabling state of mind. We need more people like John Bryant.

I look forward to working with Secretary O'Neill and other leaders like David Dreier, and those of you here today, to find ways to help more people learn the skills to handle their money wisely.

And in that spirit, I will turn it back to Sheila.

MS. BAIR:

Thank you, Secretary Paige. Next, it is my distinct pleasure to introduce my friend and colleague, Rosario Marin, the 41st Treasurer of the United States.

Treasurer Marin is the first Mexican-born to hold this office. She is also the highest Latina to serve in President Bush's Administration. She has spent most of her life in public service, including a tenure as Mayor of Huntington Park, California.

She has met with the State Treasurers in all 50 States to promote financial education and has been a tireless advocate on this subject. Treasurer Marin.

TREASURER MARIN:

Thank you, Sheila. It is certainly a pleasure to be here this morning with all of you and be part of this very, very important and historic event as far as I am concerned.

Having both Secretary O'Neill and Secretary Paige hosting today's panel I think speaks volumes to the importance of financial education in this Administration.

Secretary O'Neill and Secretary Paige both shared some statistics, but let me share a couple of more with you. Eighty-two percent of high school seniors failed a 13 question personal quiz examining their knowledge on issues like interest rates, savings, loans, credit cards, and calculating net worth.

The number of young Americans between the ages of 18 and 25 who declared bankruptcy in the 1990s nearly doubled; and 75.5 percent of Hispanics have not accumulated enough savings for retirement.

President Bush believes that the grandest of our Nation's ideals is an unfolding American promise that everyone belongs, that everyone deserves a chance.

And we start with the premise that in the greatest country in the world that every willing person can if they want to achieve their American dream, and that is to reach a comfortable level of economic independence.

And yet while many of our citizens prosper, others doubt that promise. America at its

best is compassionate, and in the quiet of American consciousness, we know that deep persistent poverty is unworthy of our nation's promise.

And we know that some communities are more impacted than others. We know that the cycle of poverty for some families only perpetuates poverty itself. And we know that in order to break that cycle, we have to start when Americans are very young.

Thus, we have to start in our nation's schools. We will work to improve basic financial education for our youth so that they can learn to make sound financial decisions, and break the habit that condemns them to a life of no savings, poor credit, high interest rates, and no retirement benefits.

We would like to encourage the schools to integrate financial education into the math and reading standards, and curricula that States and local educators are currently developing as required by the "No Child Left Behind Act of 2001."

We believe that exposing children to basic financial and economic principles at the same time they acquire core reading and math skills is an important first step to financial independence. This is a historic moment.

We will not only join forces with the Education Department, but with many of you; many of the consumer, non-profit, or financial institutions, to declare war against financial illiteracy.

And I trust you will join me and all of us here at Treasury, and many in President Bush's administration to ensure that all Americans achieve the financial security that they deserve. Thank you.

MS. BAIR:

Thank you. Finally, Deputy Secretary of Education, Bill Hansen, has joined us. Deputy Secretary Hansen is the Education Department's chief operating officer, and principal advisor to Secretary Paige on program policies and budget matters.

Like Secretary Paige, he has devoted most of his career to education. An 11 year veteran of the Department of Education, he has also served as President and CEO of the Education Finance Council. Deputy Secretary Hansen.

DEPUTY SECRETARY HANSEN:

Thank you, Sheila, and Secretary O'Neill, and Secretary Paige, and Rosario. It is great to be with you this morning. Secretary Paige talked about the President's passion for improving our students' academic preparations for college, and we are also just as passionate about preparing them financially for college.

And we need to do that in the academic world, but also the initiatives that President Bush has laid out are also making that a reality, and I would like to just give you a bit of a case study.

Our two highest priorities in higher education are increasing access to college and increasing the affordability of college. And right now about 60 percent of our high school graduates go on to pursue a college education, and we are frankly trying to improve upon that dramatically.

President Bush has stated that the best vehicle for doing this is frankly to help families prepare in saving for college, and in the tax bill that was passed last year, there were $23 billion in education, higher education aid, made available in the tax bill for American families.

And two of the most important features of the tax bill last year were the dramatic expansion of the education savings accounts from $500 to $2,000 per child; but also the treatment of the 529 plans to allow them to have tax-free distributions from the qualified tuition plans.

And so we are very much about helping families save for college, and to help them understand the importance of it, and the President made this a top priority in the tax bill last year.

Also, in terms of preparing children academically for college, they will be prepared to hopefully receive merit scholarships, and this is a very important initiative as well.

But also we run an $11 billion Pell grant program that is targeted to the most needy students in this country, and over the last two years we have been able to increase the number of low-income students receiving grant assistance to get the doors of college opportunity open to them by over half-a-million.

And we now give out about 4-1/2 million Pell grants, and this is the most important program we have to increase access. And finally there are the loan programs, and this year we are guaranteeing or directly lending $40 billion of student loans.

These are probably the most important vehicle for families, in terms of their financial education. These loans can be a very helpful tool for them, but they can also be a very detrimental tool if families are not careful and if they over borrow.

And the statistic that Secretary Paige gave about the Nellie Mae study of credit card debt taken out by college students is a troubling issue for us. As to what we have been trying to do, President Bush signed into law in January a very important law that will ensure the ongoing integrity of the student loan programs.

This year the student loan rates will be down a little over four percent, and if you take a look at the average indebtedness of a college graduate, back in 1992, it was $8,000, and today it is $18,000.

Because interest rates back in 1992 were about 9 percent on these government loans, and in July they will be a little over 4 percent, the actual interest that the students will be paying on those loans in 1992 was over $4,000; and in July, it will be under $4,000.

So even though their debt is more the government has been helping them to the point where the loans are actually more affordable, and they are paying less interest on the increased debt. But we are trying to work with colleges as well to make sure that the sticker price of college remains affordable for all students as well.

But these are the important type of examples that we need to drive down. There is no better investment that families can make than a college education for their student, and we are trying to do everything that we can to make sure from the savings opportunities,

to the scholarship and grant opportunities, to the most affordable loan opportunities, that all of these are there and available for all American families. Sheila, thank you.

MS. BAIR:

Thank you very much. Now I would like to ask each panelist to state their name and their organization. We will start on the left. Judy, would you like to introduce yourself, and we will just move down the row.

MS. CHAPA:

I am Judy Chapa, and I am the Deputy Assistant Secretary for the Office of Financial Education.

MR. PATRICK:

Hi. My name is Lawrence Patrick, and I am the President and CEO of the Black Alliance for Educational Options.

MS. THURMAN:

My name is Robin Thurman, and I am the Director of the National School Boards Foundation.

MS. MATTHEWS:

I am Pamela Matthews, the Associate Director of the National Council of Teachers of Mathematics.

DR. LUZZO:

I am Darrell Luzzo, and I am the Vice President of Education for Junior Achievement.

MS. MANISE:

Jennifer Manise, Council of Chief State School Officers.

MS. KOBES:

Hedva Kobes, Senior Vice President for the Junior Achievement of the National Capital Area.

DR. ORR:

I am Billie Orr, President of the Education Leaders Council.

MS. EVANS:

Good morning. I am Margaret Evans, with the National Association of Elementary School Principals.

MS. DUGUAY:

I am Dara Duguay, the Executive Director of the National JumpStart Coalition for Financial Literacy.

MR. CASLIN:

I am Michael Caslin, the CEO of the National Foundation for Teaching Entrepreneurship. We teach youth to build businesses, and Bill, many thanks for Pell and Stafford. I am a product of that opportunity.

MS. WELBURN:

I am Brenda Welburn, and I am the Executive Director of the National Association of State Boards of Education.

MR. DUVALL:

Bob Duvall, of the National Council on Economic Education.

DR. YAKIMOWSKI:

Good morning. I am Mary Yakimowski, immediate past president of the National Association of Testing Directors.

MS. BAIR:

Thank you very much. We do have a few extra minutes, and would anybody from the media like to ask our co-hosts questions. If you would like to ask questions, I would ask that you confine those to the topic of the discussion this morning, financial education.

PRESS:

(Inaudible) — what sorts of regulations do you think might be necessary for (inaudible) for educational loans?

MS. BAIR:

Well, I think that financial education is a component of consumer protection. It is not a substitute for strong consumer regulatory protections. So while I think it is a compliment, it is not a substitute.

There certainly is a core of regulations that apply to financial institutions right now that are implemented by the regulatory bodies. This Department, as you know, has been working on a predatory lending initiative to try to improve best practices among lenders, particularly in the mortgage lending community.

So I think that we need an aggressive regulatory strategy to deal with consumer protection issues, but I think ultimately the consumer, a well-educated consumer, is the first-line of defense against abusive practices in the financial services industry.

And that is why financial education is one of the reasons why it is so important to help equip people to protect themselves. In addition, of course, and to the positive aspects of teaching people beginning at a very early age about the value of savings, and wealth accumulation, and appropriate management of household debt, those are all important skills to people becoming economically self-sufficient.

But also it is very important as a tool in consumer protection. Does that answer your

question? Okay. Thank you very much. We will take a few minutes for a break now so the press can finish wrapping up, and then we will reconvene for the roundtable.

(Recess.)

MS. CHAPA:

Welcome back everyone. How is everybody this morning? Everybody is so quiet. We want to engage you in some lively conversation and some dialogue. As you will remember, I am Judy Chapa, and I am just the facilitator.

I have the pleasure of having these wonderful moderators to the right and to the left of me, and I am going to just very briefly tell you how our panel discussion is going to work this morning.

We are going to be covering three topics. The first one is the need for improved financial literacy, and financial education programs. And this topic will be moderated by Deputy Secretary of Education Bill Hansen.

And he will begin that particular discussion by making some opening remarks and then facilitate that communication.

Our second topic will be moderated by our U.S. Treasurer, Rosario Marin, and that discussion will be on integrating financial education into specific age and grade levels, as well as geographic areas.

And our third topic today will be on integrating financial education into the core curriculum, and that will be moderated by Treasury Assistant Secretary Sheila Bair. We want you all to be open, honest, to contribute. We are here to listen and learn.

We want this to be a very productive meeting today, and hopefully in the wrap-up session we will talk about our next steps, and then we will take questions. And without further delay, I will turn it over to Bill.

DEPUTY SECRETARY HANSEN:

Thank you. I am actually going to be very brief. You guys have already heard from me once, and we have the experts around the table. I just would frankly like to lay out that we are very much trying to at the Federal level with our new No Child Left Behind legislation, and trying to make sure that, and especially on our assessment activities, that we have the annual assessments in grades 3 through 8 in the areas of math and English.

And I think one of the most important components to financial literacy is to make sure that it is embedded into the curriculum of either math education, or other science-related educations, in which it will not be a stove pipe that has to always be on the decision block by local decision makers.

And so I think that is one of the challenges that we are looking at, but also we are very much looking forward to, as the Secretary said, this new grant initiative that we will

have to hopefully be able to partner with some very key organizations to help put out some informative tools.

And a kind of what works system of information that school districts can use and try to bring all the good resources that are out there together for districts to tap into.

But I would like to really just open it up, and especially with the education folks we have here around the room today, on the need for financial literacy. I think that from everything that we have heard from Rosario's statistics, that this is just a very critical issue for us, and I think in terms of — and I keep thinking in terms of the higher education side of things, that this is a huge investment that families need to make.

It is their first major investment that they need to make, and I think it is a very good first learning experience in a lifetime of experiences that they need to make, in terms of purchasing cars, and purchasing houses, and preparing for their retirement.

But I would just frankly like to throw it open, and I know that we have some people here from the math and other associations to maybe help guide us in this conversation a little bit. I don't want to put anybody on the spot, but I will if I have to.

MS. KOBES:

Well, I don't mind starting. I am Hedva Kobes, of the Junior Achievement of the National Capital Area. And I think we are certainly on the same page here. We are preaching to the choir with this group.

Our entire work is predicated on the fact that children learn their ABCs on their way to reading Shakespeare, and they learn, one, two, three, on their way to calculus, and they have to have basic financial literacy on their way to a successful economic future of the type that you described, and of the hopes and goals that are embedded in "No Child Left Behind."

And what we are experiencing here this morning is where private troubles are translated into public policy, which is very productive on our part, and I would like to speak to your point about embedding financial literacy education into the classroom, because that has been the vehicle for Junior Achievement now.

We have a variety of delivery systems, but the primary system in which 99.9 percent of our children are involved is in school during the school day during instructional time.

And amazingly enough, well over half of those children are ages 5 to 11. So I found it particularly interesting when Secretary O'Neill talked about even a 10 year old should be involved in this kind of education.

We believe certainly in partnering with public, and private, and parochial schools, that children 5 years old should be formally involved in this education. And it seems to us that we have been given something very precious.

We have been given instructional time from the schools, and I can speak for the greater Washington region, where we have 20,000 children during the school day in instructional time in the schools where their reading literacy and their math literacy is a vehicle for their financial literacy.

That is in fact the content that we use to give them something to read about, to give them something to count about, and we prepare those for continuing education, whether it is after high school, into college, or after high school and into other continuing experiences.

We would never launch a child without starting the reading and the math in pre-school, let alone at age 5, and we certainly can't launch the children either on their college education or their other economic decisions without beginning at age 5.

And our experience shows us that what they can learn is enormous, and that parents and volunteers who teach it to them, first say to us — you know, teaching kids taxes in second grade, how do you do that?

And then once they are involved in doing it, they see in fact that they can, and if we have time later, as we happen to have just pure happenstance, Robin Thurman on your panel, who also is a Junior Achievement volunteer, and can speak if time allows to how it works out in real life. Thank you.

DEPUTY SECRETARY HANSEN:

Robin, why don't you take a minute, and then we will go over to Michael.

MS. THURMAN:

This is great, because I actually wear many hats today. I am new to the National School Boards Foundation, coming from the corporate sector for 10 years at TRW, which is a basic defense organization, and I am a parent, and a Girl Scout Leader, and a Junior Achievement volunteer.

And with all of those hats, and it is only one-eighth of what I do as a mom and as a professional. But with all of those hats, it seems like it has all come together this morning on how financial education has been part of that.

From a Junior Achievement volunteer perspective, and I have been a Junior Achievement volunteer now for 8 years, and I have taught K-through-6 curriculum, and could not get it into the Junior Highs because they just felt that there was not time for extra volunteers coming in.

And that was very disappointing to me, because they really need it at that point, but I can say that what Hedva related to was the teaching of taxes in the second grade. But what I remember teaching last month in sixth grade was that I taught the children how to write an international business plan, and how to start a business, and what that entails.

And I was the public relations, and so I brought in the ad and the four P's of marketing, and all of that. But what they were really excited about was how much money would it cost, and how much would you have to borrow to start a business.

And then if you went international, what is the currency exchange rate, and how does that affect your business. And we went on the internet as we spoke, and you kind of take these kids and run with them, and they were looking at the different currencies in different countries that we were focusing on, and it is so important.

You know, these are — you are talking 10, 11, and 12 year olds. This is the age group that I was dealing with. They really, really got into what does that mean to have the currency exchange, and what does it mean to understand the taxes that you pay on your business, and what do you do with those taxes.

It is the second grade, and they learn that it supports your schools, and your fire department, and your roads, and all of that. And that is crucial. As a Girl Scout Leader, if you don't know this, there is a Junior Girl Scout Handbook. You know, they earn their badges, and there is a whole badge that they earn on — I don't know if it is called money matters or financial planning.

But my 11 year old just went through that a month ago, and it was all about what you are talking about; how to learn and understand the stock market, and how to invest, and how to save for college.

And these kids are earning money. They are babysitting at these young ages now, and they don't know what to do with their money. So you teach them to invest at these very young ages.

And then as a corporate leader, we spend a lot of time going into the schools and teaching them about math and science, because we wanted kids to pursue those fields. So everything you are doing today, I just want to say this is — it is very timely, and I am glad that the Department of Education and Treasury are joining together. I think that is super.

And from the school board's perspective, I don't think there is a school board member out there who doesn't deal with the budget, and who wouldn't agree that financial planning and teaching that is very important.

DEPUTY SECRETARY HANSEN:

Thanks, Robin. Michael.

MR. CASLIN:

Thank you, Bill. I am going to address my comments to your concern about the academic and financial track for college students. I think this forum today lends itself to creating a unifying vision that I think we can all rally around.

I think there are many different good people in the room with great ideas and great projects. It is our belief at NFTE that a child with an entrepreneurial mind, will not let themselves be left behind, as opposed to someone else leaving them behind.

And I think that goes to the heart of financial literacy and the heart of entrepreneurial education. Richard Futrell up in Boston is now a junior at Babson College, but his story in the junior year of high school was that he was living in an abandoned building with his mom.

He was considered high at-risk for a variety of different factors, and he has said that no one ever considered him an at-risk of finishing high school, an at-risk of going on to college, and an at-risk of starting a business.

But NFTE, in partnership with "I Have A Dream," and Babson College, have enabled Richard to obtain an entrepreneurial full ride equivalent of a $120,000 college scholarship for achievement in entrepreneurialship.

There are now nine students on that track. I think a vision thing for universities across the country would be to look at the financial literacy and entrepreneurial areas, and to recognize achievement so that we have our equivalent of a McDonald's All-American team for business, and financial literacy, and entrepreneurship.

DEPUTY SECRETARY HANSEN:

Michael, thank you.

MS. MATTHEWS:

Pam Matthews. I am on the National Council of Teachers of Mathematics. I am sure you are all familiar with their standards in mathematics, and actually the standards can be broken down into five categories — content and process — and that one of the first content is numeracy.

And very often we hear the word computation rather than numeracy, and numeracy incorporates not only just the blind memorization of algorithms that really bore students these days, where they are more used to interacting with technology.

Numeracy incorporates the conceptual understanding behind these numbers, which are very abstract entities. To give you a case and an example, when you talk about working with sign numbers, positive and negative numbers, it is very, very difficult for a child to understand taking a negative number from a negative number.

But if you put a dollar sign in front of money, and they want something for $10 and they only have $5, they understand very quickly they are in debt, or without, or in need of five additional dollars.

So this is a golden opportunity to really reinforce what the National Council of Teachers of Mathematics have already put out there in their standards of building understanding around mathematical concepts.

We all talk about math, but very often we think about the additions, the subtractions, the multiplications, decimals, fractions, and percents. And that is very boring to the child. They need to understand it in the context, and in America, the context, the natural context would be the dollar, money, and that gets into the whole financial education component.

So when you suggested making it part of the math and reading standards, that is a natural fit. The standards already exist, and they have everything that you want. It is just a matter of combining them in such a way that teachers understand that you want to use the mathematics to give incentive to understand the finance.

Now, where it comes to reading is very often we think of mathematics in a symbolic way. You know, a bunch of symbols, particularly when you get to algebra, and we all want to run in the opposite direction.

Algebra is just shorthand for language, and it is a universal language that is understood worldwide once you give the algebraic representation. It is going from the native language into the algebra that poses the problem.

There the reading becomes the bridge. For instance, in finance, deficit is represented by putting the number in parentheses. In a typical math class, you use a minus sign. When a child goes from a math class into a finance class or an economics class, that is mind boggling, because we have not built that bridge.

The bridge can be built through the reading program, and designing reading so that you learn how to read mathematics, and read it in the context of economics study or finance study, or something like that.

So I think the content associations have the standards on the books. What we have to do is sit down together and bridge our standards in a common language, which is a natural launching pad for financial education. It is all there.

A recent change in the stock market was to go from the fraction to the decimal, just to reading, and which was a natural, but how many times have you seen when a person does a conversion, they keep the decimal point and put .5 percent when they mean 5 percent.

There is a massive difference between that. Lots of people don't understand what exponential growth is, and let me just give you a quick example to give you the power of that, and that is taught very early in school, and can be done. If you say, well, how many times do I have to tear a piece of paper in half, and keep tearing it and stacking it, to create a pile that is the height of the 15 year old girl, and you can have the girl at 5 feet, or at 5 foot 10.

Exponential growth says that that would be impossible. You only have to tear it 14 times. I know that you don't believe that, but it's true. Fourteen times and that is the understanding of exponential growth.

How many times do we see exponential growth in the newspaper. We say that something is growing exponentially, but none of us have a clue what it means. That is a language problem. There again you are building a bridge between the language that you read, and the mathematical concept, the mathematical concept translated into a contextual base in which people are motivated to learn. Finance is the contextual base in America.

DEPUTY SECRETARY HANSEN:

Thank you, Pam. Dara.

MS. DUGUAY:

I beg your indulgence for you that are members of the JumpStart Coalition, but for those of you who are not, we are a coalition that has been around for 5 years now. We have 140 national organizations that are on our membership, and most of them are sitting at the table.

Basically, it is a very diverse coalition of government entities, nonprofit organizations, education groups, and finally the for profit financial sector.

But the basic commonality is that we want financial education to be taught to our youth. And the statistics that were quoted earlier, the 50 percent of students that scored — the actual score, excuse me, of 50 percent on a basic personal finance quiz of 31 questions, that was the JumpStart survey that many of you have seen in the news.

We have had a lot of press the last two weeks. This was very disturbing because over the past three times that we have conducted this biennial survey, the score has progressively gotten worse, and worse, and worse. And this third time we administered the survey and the average score was the worst, 50 percent, which basically means that the high school graduates that took the test — and we think they are pretty representative of the entire country — are graduating financially illiterate.

I wanted to speak to just two things. I wanted to speak to, number one, the standards, and sort of piggyback on what Pam was talking about. Personal finance is not a discipline unto itself. There are no separate disciplines called personal finance.

So it has to become the stepchild, and it can piggyback on to other subjects, such as business which is very common, family and consumer science, which used to be called Home Ec when I was in school.

It can only piggyback possibly into math and economics. Those are the traditional courses that it piggybacks on to. But again with the movement towards standards, if there is no specific mention of personal finance within the standards, in many cases it is very hard to make this leap, and to sort of bring it back to the real life application of personal finance.

So what JumpStart has done is that we have created, and then we have actually revised our own personal finance standards. And we are asking all of our members when they develop curriculum to actually do them in concert with our standards so that there is uniformity in the marketplace.

The brand new financial fitness curriculum that the National Council on Economic Education just developed was in concert with our standards, as was the Junior Achievement personal finance program.

So we are trying to get consistency in the marketplace, but what I think is very important is we need to try to distribute these as much as possible, because if you look within the strands of the standards, if there is no mention of personal finance, it is going to be very hard to present the case to incorporate this into math.

Even though it says in many cases real life application, I believe that unless we incorporate the actual personal finance standards as much as possible into the standards of other disciplines, it is going to almost be impossible to get the curriculums into these disciplines.

And I wanted to speak about the supply, because the problem in this country is not lack of supply. There are very, very wonderful, high quality curriculums out there, and in fact, JumpStart for five years has been evaluating them, and we have a clearinghouse on our website.

I have extra copies of the standards, and I have extra copies of our clearinghouse brochure, and if you had to guess — I mean, most people are shocked at how many different

education materials there are for K-through-12. There are over 350 on our database.

We are actually moving this curriculum to Washington, and so we are going to invite everyone who is here, and all of the other key education groups to actually come to our office and see the high quality curriculums that do exist for every grade level from K-through-12.

And there are curriculums that will be easily integratable into economics, into math, into reading. There is something for everyone. So I think what we need to really focus on is we need to focus on incorporation of the standards more, and into other disciplines, and we also need to focus on increasing the supply, or excuse me, increasing the demand for the supply.

We have got the supply, and we need to somehow open the doors. We found in our survey that only 15 percent of the students surveyed actually learned about personal finance in school, and that is the biggest problem.

And I really want us to focus on that, because I do not dispute at all the wonderful programs that are going to be discussed today. They are all fabulous. But if only 15 percent of students in this country are having access to these programs, that conversely means that 85 percent of them, including myself, never, ever, ever is going to benefit from receiving personal finance education.

And they are going to learn in the school of hard knocks, unfortunately. We can't just assume that parents are teaching them. Many parents feel uncomfortable. It is the blind leading the blind, or they feel that it is a taboo subject.

Or in many cases kids say they don't listen to their parents anyway. So I think that school is a wonderful venue, and I think we need to work on how to get it more broadly distributed in the various disciplines.

DEPUTY SECRETARY HANSEN:

Billie.

DR. ORR:

In preparation for today, I went on the web, on the internet, and copied some of the ELC States, and looked at their curriculum as far as what it is that they did with finance education, and most of them do in fact have — most of our States, and I think almost all of them, have some type of economic — it is either in the social studies, or it is sometimes in the mathematics.

But what I have found as Deputy in Arizona when we were developing our standards, we worked very closely with Bob's group, the National Council for Economic Education, and we have wonderful standards. They are absolutely outstanding.

But to get them, and they are K-12 social studies, but there is an economic stream that is in there. But to get those actually in place in the classrooms is very difficult.

And some of it I think is — I believe it is teaching teachers in fact to look at those standards, and to know how to integrate it throughout the reading and the writing, and the mathematics.

So I believe that teacher quality is an issue here, and teachers learning those skills of taking that curriculum are the standards in actually learning how to integrate that.

So we often talked about reading and writing, and problem-solving across the curriculum, because those folks who had those content areas like yours, finance, and the same thing with history folks, and the same things with civics folks, they wanted their curriculum to be taught.

And so a lot of that truly goes to training teachers, demonstrating how it is that you get that done. I know you guys do a lot of that. But I think that becomes the issue. Even if you have great curriculum, it is how you get it every day in the classroom.

DEPUTY SECRETARY HANSEN:

Margaret.

MS. EVANS:

Can I piggyback one second? And just to say that is in fact our experience; that is a requirement that we have ourselves, is that we do it. If we do not within our organizations take each standard, school system by school system, State by State, and align them, and present them on a chart coordinated, at which point it is a no-brainer, and it is fish in a barrel and it is an easy sell.

But the work behind it — goals to do standard to A slash C in my particular school system, and so you raised a critical point of how do we facilitate the ability to deliver that information to the teachers.

TREASURER MARIN:

Can I say something? That's exactly why you are all here. I mean, we have figured out — and Sheila has done an incredible job, and that's the bottom line. That is the crux of the problem. And we are going to be for the next couple of hours, or whatever is left, that's it; that is, how do we get that into the standards that you have so eloquently described.

You know, a lot of work has been done, and every organization — and the reason why you were invited is because of the great work that you have done. There is a lot of material out there, and there are wonderful standards that you guys have developed.

And so the whole thing is — now we have this product,and how do we ensure that they are part of the "No Child Left Behind," so that they are incorporated into the math, and reading, and writing standards that teachers are developing right now.

And we really see this as a very important opportunity to try to get these standards in there. That is our challenge. And Sheila has been — well, how do we get — Sheila, I know that is what we started talking about this about a year ago.

And we realize that is the biggest challenge for us, and tell us how the people that have actually done this, how did they do it?

DEPUTY SECRETARY HANSEN:

Margaret.

MS. EVANS:

I want to say before we talk about doing it, I think here are two key things that we need to keep in mind, because I think we are all on the same page, and we look forward to the opportunity that corporate and education departments can work together.

But I think we need to keep in mind when we talk about "No Child Left Behind" that schools are very diverse these days. So we need to have tools that respect the different cultures. Schools are not like when we went to school. They are not homogeneous, and they are not the same.

So whatever tools are provided, and it's just not having them in English and in Spanish. And we also need to make the tools have real life experiences, and that's what — kids are — their attention span is so short these days.

Look at your own kids, and kids that you are around. Fifteen minutes and they are tired of something. So we really have to think of these kinds of things. So I just really wanted to say that let's remember the culture differences in whatever we are trying to develop, and respect that.

DEPUTY SECRETARY HANSEN:

Robert.

MR. DUVALL:

Even with a diversity in schools, which is growing — and you are absolutely right. There is the range of awareness of the problem that we have been talking about, and there is a wide range of responses to it.

And I think that growing awareness of the problem, and trying to respond to it, is at the moment in a kind of tension with the fact that we are concentrating on reading and math literacies.

If you go to a beleaguered school principal and say why don't you add on economic or financial education, he is going to say that unless my students test well in reading and math, they may close the school. Don't talk to me about add-on's.

TREASURER MARIN:

How do we not make it an add-on, but part of?

MR. DUVALL:

Well, I would like to suggest to start the discussion, and you can take it from there, that there is also a look that is required, a look at the diversity of what is done in the States, State-by-State, and we have touched on that already in this discussion.

To get into the schools, right, Bill, you have to look at the framework that each State has,

and to do that, we want to look at the standards, and requirements, and so forth of the States. Now, 48 States presently include economics in their standards.

So at the risk of sounding like I am talking from self-interests, I think that is worth taking a look at. Personal finance, and financial decision-making skills being a part of what is already recognized as an economics way of thinking, and problem-solving, that is one way to look at how it can be addressed to the needs of the States, and the schools within those States.

And to look at what we have got already, and then how we build on that and magnify it.

DEPUTY SECRETARY HANSEN:

Mary.

DR. YAKIMOWSKI:

Folks that are within my organization have the enviable position of trying to facilitate national, State, and local testing programs, and accountability systems. It is primarily within school districts, but we also have some folks that represent State education agencies.

And just to put a little more perspective to it, my current position is in the Baltimore City Public School System. And in that position, I administer 1.7 million tests each year to our 95,000 children.

And in preparation for this, I kind of stopped and reflected for a moment on how many test questions are there in the field of economics. And I picked up a couple of test booklets, because we are in the middle of State testing right now on various levels, whether it be the high school assessment program, the Maryland Functional Testing Program, or even the MISPAP program.

And you just don't see them in the test itself. Yes, the States —

DEPUTY SECRETARY HANSEN:

Mary, we have got to talk.

DR. YAKIMOWSKI:

Yes, I agree. The States generally do have these standards. However, when we come to — whether it is a State testing program, or even many of us at the local level also develop testing programs for our children to supplement other information, we are not including economics these days.

A lot of the — even though the NCTM standards have come out, when you pick up the math portion of the test, what do you see? You see what I call the old fashion way of testing children. Here is the basic computation.

Once in a great while, you might see a few problem-solving questions thrown in there. The same with the social studies test. These are the two areas, content areas, that you truly can imbed some wonderful quality questions, whether it is multiple choice, performance-based tests, or things of that nature.

And I think this is a real prime time to do so because we are going to get a lot of discussions happening across this country. Is it the way to go with all this testing, and the accountability associated with it.

If folks start to see that test questions are quality, because there is real life context to it as was alluded to earlier, I think more folks are going to embrace it. I think our parents and other community members will embrace the testing and accountability measures more, too.

And sometimes there is unintended consequences to all this. I moonlight as an adjunct professor of graduate students in a doctorate program. I can tell you they have some difficulty with basic math facts.

I always interpret it as if we are dealing with decimals and things of that nature, and talk about money; negative numbers, and you are in debt, and things on that nature. And unintended consequences of putting this into an assessment program are the opportunity to provide professional development.

So that our teachers, in turn, also know how to present economic principles to our students in a very effective manner.

MR. DUVALL:

Because the teachers will teach to the tests.

MS. BAIR:

This is a common theme I hear in our individual meetings that I am doing now, teacher training. Are the teachers equipped to get the standards into the classroom, and get the content, and the policy makers that are driving the curriculum content, and are the teachers well-trained enough to teach the content.

And if they are not, what can we do about that. I mean, I would really — yes, please.

MR. CASLIN:

I wanted to address first of all Ms. Evans' comments on curricula and the diversity and sensitivity, and inclusion. In our ninth edition of the curriculum that we have, we have six different nationalities included just on the front cover.

Where if you look at many of the standard curricula that is out there, that's not the case. We have youth involved in the pictures, and in parts of the stories and the profiles. So it comes from what we design. That is the first thing.

Concerning the teachers, NFTE has worked with the top business schools in the country at the graduate level to bring them back to this issue of engaging young people in dreaming and in achieving.

And we have worked with Babson College, Georgetown, Carnegie Mellon, Stamford, the University of Iowa, and the University of Tampa, in regional partnerships. And they give us their campuses in the summer, and they also graduate a credit for the contact hours of training.

So I think you have got this tremendous asset in the community college, college and university network, that's untapped with this area. And I think with the sea change of over 60 percent of all public high school teachers retiring in the next few years, the question is how can we excite them and enthuse them with financial literacy, with entrepreneurship, with business.

DEPUTY SECRETARY HANSEN:

Mary.

DR. YAKIMOWSKI:

Currently, we have in my school system 40 percent of our teachers are not fully certified, and finding certified teachers, particularly in the area of math, is a major concern at an age when students and expectations are higher than ever before.

And so it also needs to tie into the system of encouraging our students to want to go into the teaching profession to show how exciting this content area can be to learn and to teach.

DEPUTY SECRETARY HANSEN:

Jennifer.

MS. MANISE:

There have been several solutions raised so far. The idea of educating teachers, professional development, and we have talked about test items, which I would have brought up had you not.

We need to think about our leadership and educating them about the importance of this issue. One of the great things about "No Child Left Behind" so far has been the fact that people within the State Department of Education are actually talking to each other about how they are going to solve this problem of "No Child Left Behind," or this challenge of "No Child Left Behind."

But perhaps it is time to think even further outside the box, and have the education professionals talk to the State Treasury professionals so that they are working together on solving this issue.

And to get the leadership buy-in so that you can then get the teacher buy-in, and have your items reflect personal finance issues so that they will be teaching things that will then be tested, and students will know how they are doing hopefully.

DEPUTY SECRETARY HANSEN:

Actually, if I could — I think we need to probably segue into the next part of the agenda. Adam.

MR. CHAVARRIA:

I had just a quick comment. My name is Adam Chavarria, and I am the Deputy Director with the White House Initiative on Educational Excellence for Hispanic Americans.

And I am extremely proud to serve under the leadership of the Secretary, Rod Paige, who spoke earlier today, and the interagency effort underway with the Treasury.

And we are all equally proud of being able to be part of the implementation efforts of "No Child Left Behind" educational reform. I think 90 percent of the comments have gotten us there.

I think we should not discount the significant role that parents have in contributing to, and addressing, and improving financial literacy among children.

We have heard before in various contexts that parents are the child's first teacher. In terms of the literature that you are developing, which is very commendable, I was curious to see if it was in both English and in Spanish, or in bilingual form.

MS. DUGUAY:

Yes, many of the materials in our database are in Spanish.

MR. CHAVARRIA:

Parental involvement is one of the pillars of "No Child Left Behind," and we intend to rely on the involvement of parents to really bring significant achievement and improvement among school children from K-to-12.

And I think it is a critical part of raising the financial literacy levels of a significant segment of the population. If I may real quickly, there are over 35 million Hispanic Americans in the U.S., and recent estimates indicate that only 10 percent have any kind of a formal relationship with their banking institution; savings account, checking account, and so on.

And there is also another significant segment of the population which sends a lot of money to their host countries, and often at rates that are significantly higher than any one of us would pay here at our financial institutions.

So that is also an aspect that I would hope that this panel would address. Thanks.

DEPUTY SECRETARY HANSEN:

Thanks, Adam. Let me just wrap up, and then Rosario will lead us into the next phase of this, and hopefully it will just keep the conversation going.

But I do think in answering your question on how do we do it, I think we have heard probably three areas. First, I think, is the whole notion of "No Child Left Behind" of having the standards, and the testing, and the curriculum, all aligned is just critical.

And that is going to leaning very heavily on people's shoulders that are in those three areas. If the standards aren't reflected in the tests, and the tests are not going to be reflected in the curriculum, and then it affects how teachers are trained in what they are going to be teaching.

And so I think that is the first challenge that we have to overcome here. I think the second is the job that each of you around this table has, and especially those that work with the State, and local administrators, to help make this happen.

I mean, I think one of my favorite quotes — I have had the pleasure of meeting with Alex Haley several years ago, and he said, "Find the good and praise it."

And I think it is just critical, both for this one, and also on the parent issue, as to we have got to be able to find the curriculum, and find the opportunities, and get it embedded into the system.

So I think it is our job, and we are not passing the buck, but it is for the people's eyeballs, or as the Secretary said, meeting the student and the teacher is the most important place that we are going to get this done.

And I think, lastly, it is the parents, and it is again the bully-pulpit that we have as government officials, or that people have as local government officials, and who need to continue to drive this home, and to make sure that everybody understands, no matter what part of society you are coming from, that it is important.

And just as a parent of six children, I will even give just one little anecdote and I will be quick. My youngest son is seven years old, and he was actually about six at Christmas time, and my brother was here at Christmas time, and we got this computer game for our kids.

And it was a pinball game, and it was bringing back our old college days of being very competitive, and who can get the highest score on pinball, and he finally broke 2 million, and was high-fiving it, and I was trying in the next half-an-hour to beat him, and got 2.3 million, and kind of in his face, and high-fiving him back.

But when we got to put our numbers into the thing, I saw that my score was number five, and I didn't even know that there were four other scores higher. And I said you have got one of the high scores, and when I get in there, my little seven year old son had 4.9 million.

And I yell upstairs, Michael, come here, and he comes downstairs, and I am going did you really get 4.9 million, and number one, if he even knows what 4.9 million is, but I was asking him how he got it.

And he said, if you keep getting the ball going up this thing, it gets those lights lit up, and it multiplies your score over and over again. So this kid, who is just learning how to add and subtract, but he understands the multiplier effect.

So I am proud as a parent that my first grader knows multiplication already, at least in a pinball game, but it is very critical for us as parents, but also as policy makers and leaders, to make sure that we are doing everything that we can to make sure that this is the awareness level that it needs to be, and with that, I will pass it over to you.

TREASURER MARIN:

Thank you.

MS. BAIR:

Thank you, Bill.

TREASURER MARIN:

I think that in keeping with the agenda, I've gone around — well, not the entire nation, but to quite a number of States. And since I took this position, I have been going and speaking to every group that wants to listen to me about financial literacy.

I have yet to find one individual that says, you know, that is a bad idea, you know, and yet when I go in and say how do we get this moving, everybody says, well, you know, we need this and we need that, and we need whatever.

But we really believe that it needs to start at the school level, and it needs to start with the youngest — somebody was talking to me that we shouldn't be thinking of the 10 year old beginning to get some financial literacy, but it needs to be kindergarten. It needs to be very, very early on.

And we agree with that, but how do we then, given the challenges that we have, because we are not naive. There are very serious challenges that have precluded this effort from really taking off the way that we all envisioned that it can possibly be.

And how do we then, given the challenges, how do we start — and we need to see of the organizations, or the States, or the school districts, that have been successful in implementing this at certain grade levels, and certain geographical areas, so that we can then have that multiplier effect and do what has been successfully done in some places and replicate that across the nation.

MR. DUVALL:

Well, NCEE has been in the business for over 50 years of teacher training, and that is teaching the teachers how to get economics applied and basic, and personal financial decision making skills into the curriculum, K-to-12.

And then arming them with good materials to be able to do that. But I think one of the challenges that we are wrestling with now more than ever is getting to the teachers before they start teaching.

Most of our work has been concentrated on in-service teacher training. But like all the rest of us, whether we are in teaching or not, we like to talk about the things that we think we know.

Some of us, like me, talk about things that we don't know anyway, and the teachers are hesitant to get into economics because they didn't have it themselves. Somehow, I think a part of our overall strategy has got to be taking a look — and I know that the Carnegie Corporation and others are doing that now.

And if we can get them and others around the table, it will strengthen our hand, and increase our potential for success in getting into the curriculum of the teacher colleges, the schools of education, and the pre-service experience and training that teachers get.

TREASURER MARIN:

Thank you. Dara.

MS. DUGUAY:

I just wanted to stress the importance of public/private partnerships. JumpStart has developed about 20 active State JumpStart Coalitions across the country, and we would like that to become 50.

And I am throwing an invitation out to you. Everyone who is sitting here at this table who is not an active participant in JumpStart, both nationally and on a State level, to really get involved, because what we found is that through public/private partnerships, what a group can accomplish that one sole organization cannot accomplish is phenomenal.

I just wanted to give you a couple of examples to show you models that have worked. In the State of New York, they were going to drop the economics requirement, and so a small group of interested individuals from the Council on Economic Education, the Federal Reserve, J.P. Morgan Chase, and so forth, so public/private, met with the Commissioner of Education.

And they not only convinced him to not drop the economics requirements, but he said, well, let's make it better. Let's enhance it. And so they developed a brand new outline for a curriculum that is going to be unrolled this year; one-third entrepreneurialship, one-third traditional economics, and one-third personal finance.

I believe that happened because you got this group together of individuals that went and met with the Commissioner. Then you look at the example of Wisconsin.

We have a Wisconsin JumpStart Coalition, and we got about 50 groups together that are again the State counterparts of the National JumpStart members, and they started a discussion as to what we can do in Wisconsin to integrate personal finance into the curriculum.

And because of that the Governor got interested, and then the Governor set up a task force, and that they are now looking at the whole issue of where do we integrate.

So maybe if we can get, Rosario, to get each State Treasurer to possibly convene a task force, I think that this is one of the best ways, because then you get all of the groups together in the various States that are working on this issue.

And then they can really discuss, okay, what are the standards, and where is it being taught, and how can we all work together as a concerted group to actually make this a reality.

So I really wanted to stress public/private partnerships, and sort of bridge the gap, and have everyone work together. And I really don't think that this is a competitive thing.

I believe that there is a great need out there that every single one of the groups that are involved in this will be immensely busier if we can actually get the doors open.

So I think that there is a place for everyone in this discussion.

TREASURER MARIN:

Can I ask Jennifer, who actually makes the decision as to what would go into the standards or in the curriculum?

MS. MANISE:

It varies State-to-State. I think the JumpStart idea is a great idea, and I would encourage you to have somebody, perhaps at the Deputy Director level or higher, be a part of that team of the Treasurer.

I am sure they are going to love me for putting more work on their plate, but it is an important issue, and I think if you can get to the higher ups in the State Departments of Education, and have them buy this in, you will be in good shape.

MS. WELBURN:

Well, with all due respect though, they are the internal staff, but it is essentially the State Board of Education that is adopting and passing the standards.

And so to the extent that they not only adopt and pass the standards, but they also for the most part approve licensure, and they approve teacher training programs, you have an opportunity to integrate a number of the topics that we have talked about this morning, both the development and training of teachers, as well as the policy issues around standards.

The other point that I would make in this whole discussion is also that "Leave No Child Behind" gives us multiple opportunities, and not simply the literacy and the mathematics assessments, but the whole issue of having a qualified teacher in every classroom.

Because that provision will open up the notion of alternative certification, and alternative individuals with stronger mathematics skills than have traditionally been found in schools as an opportunity.

So I think we need to look at all of those elements of the legislation that can come together to support what we are talking about here this morning.

And then finally I would also say that culturally — and we talk about diversity, but when we talk about economic culture, we also need to make sure that when we are in our most challenged, economically challenged communities that we begin to change the valuing of this issue.

And what we see in schools that have brought banking institutions within the schools, and that have worked with the parents in the schools, and used it as an instructional tool for the students, as well as a development issue for the teachers, you have a divergence of issues and opportunities for kids and for families.

TREASURER MARIN:

But tell me, is there anything — I know that you have to implement this "No Child Left Behind." But is there anything that any other support, that maybe either Treasury or Education can give you to facilitate the incorporation of financial literacy into the curriculum?

MS. WELBURN:

I think one of the most difficult things — and one of the most important things — is awareness raising. We all have horror stories about kids with credit cards, and of children not learning to save.

But I don't think that there is a common theme that is historically presented to Boards — for example, when they are discussing their math standards — that says that this is an important element for us as Americans to make sure that this is in our curriculum.

They don't hear that message when they are getting presentations from — whether it is NCTM, or whoever, when they are looking at the math standards. And quite frankly, behind "Leave No Child Behind" there is going to be a reevaluation and a reassessment of what the standards look like, and what the assessments will look like.

So this is an opportune time as Boards go back and revisit those standards to make sure that it is an issue that is brought before boards.

MS. CHAPA:

Can I —

TREASURER MARIN:

Go ahead and say something, and then Billie, and then Michael.

MS. CHAPA:

I just wanted to ask a question to clarify. So if I understand you correctly, you are saying that all State Boards across the States would be the decision makers?

MS. WELBURN:

For the most part.

MS. CHAPA:

For the most part.

MS. WELBURN:

There are two States that don't have State Boards. Some have other committees, but most legislation says to address it with the State Boards.

MS. CHAPA:

So to start with the State Boards to bring the awareness level?

MS. WELBURN:

Yes.

DR. ORR:

And I guess in talking about how you get this done, I think the leadership — and Jennifer mentioned the leadership, and Brenda is absolutely right. The State Boards — and just the Arizona story.

The State Board, or basically most of them, will adopt the State standards, but once those standards are adopted, it is in fact the mandatory part of this, where the State mandates the State Board Chief, or whoever it is, that will say that these are the legislature.

In some States, the legislature actually determines or adopts those standards. But that these are mandatory, and that these must be taught to all children. But it is not until those assessments come forward.

And that's why it was so funny because the social studies people that put these standards together, these great standards together, said Billie, when we are going to get this test. We have to get this assessment going, because they know that until that assessment is in place that not all children will be taught those standards.

And so that is certainly critical, but I think it is leadership, and you asked how Treasury might be able to help. I think the idea of Governor, the Chief. I mean, I always felt — the leadership, you know, and what I pay attention to as a leader is what is going to get done at my school.

And it does need to happen at the school level, and so those principals are critically important. But who gets them on board? It is going to be the State Board, and it is going to be the Chief, and it is going to be the Governor.

So leadership and an awareness, and a lot of that may be just a public relations campaign. I think of BAEO. You know, the model for a public relations campaign. It's excellent.

So creating an awareness, but at the same time, it is a job that has got to be done. So a lot of that comes down to your group, the principal group, and how they lead their school forward because it means something to that principal, and that principal is going to pay attention to that.

TREASURER MARIN:

Michael.

MR. CASLIN:

Yes. Treasurer Marin, you mentioned before that we have to declare war against financial literacy, or rather financial illiteracy. We have identified 1,400 business concepts and financial wealth creation concepts from the top graduate schools in the country as part of our curriculum development.

One of the concepts is called, "Return on Investment." And in this struggle, we eventually have to look at how much are we investing from the private sector, and the public sector, in this. It does come down to budget and resources, as well as leadership visions and strategy.

If you were to take the accumulated budgets of all of our efforts, which is very, very arduous on annual funding. Very few of us have endowments equal to any university, one university, let alone many.

I think we have to ask tough budget questions as well. What we are investing in at Treasury, and at Education, and how does it compare to the other, quote, national security agendas.

The people around this table and in this room are part of nation building, and national security, and I think it would be very interesting to map the current level of resources going into this great struggle, versus other investments.

TREASURER MARIN:

Let me go with Robin and then Mary, and Darrell.

MS. THURMAN:

Just a piggyback on private/public partnership initiatives, it is ironic as I sit here that I was just approached by one of the major credit card companies a couple of weeks ago to have a meeting with them next week. I actually met with or spoke to one of them on the phone.

And the statistics are astounding to me about how many college kids are in debt with credit cards, and again, whose fault is that? Obviously the credit card companies are targeting the college and high school students, and I don't know what the age cut-off is there.

But certainly it is the students who are making the charges, and have to be responsible for paying them off. But they have approached me at the National School Boards Foundation to try to partner with them, and this credit card company has a major curriculum, because I have seen the materials.

So again how do you take the private — you know, the private sector, who is also very concerned about this, and they have got a curriculum, and integrate that and get them involved in this as well.

TREASURER MARIN:

We have actually been talking with a number of different financial institutions, and probably the same person. You know, Robin, what is really sad — and just to add to the staggering statistics, the fact of the matter is that some kids are getting credit cards to pay for their parent credit cards and debts, because their parents can no longer get credit cards and it is the young students that are getting them. I mean, when you look at it, it is tragic.

MS. THURMAN:

It is.

TREASURER MARIN:

It is tragic.

DEPUTY SECRETARY HANSEN:

I think it is also a culmination of parents who are not educated about this, and now we are hitting that generation.

MS. THURMAN:

It perpetuates itself. So the parents are not teaching the children how to manage it, because they can't manage it themselves. That's staggering.

TREASURER MARIN:

Let me go with Mary, and then Darrell, and then with Pam.

DR. YAKIMOWSKI:

A little while ago, we had discussions about where do you start, and I do respect the comments about the role of the State Board, and also the State Department of Education.

But I am going to also say, too, though that you also need to go to leadership at the building and district levels, and even more importantly, the leadership within the classroom, because we know when the door closes it is the teacher, and it is what the teacher is presenting to the youngsters.

We also know that in most States it is a group of teachers that are convened with others to help decide, or to develop the standards that are, in-turn, given to the State Department staff to provide recommendations to the State Board.

And so to me if we could identify some leaders, teacher leaders, in this field, and recognize what they have done that has been successfully accomplished, and have that widespread distributed, and use them as models, I think that is going to help share the message, too.

So we have some concrete examples of what works. But please don't forget the leadership within the classroom in this process.

TREASURER MARIN:

And I think Robert alluded to some of that stuff, and it is a very good point. Thank you. Darrell.

DR. LUZZO:

Yes. At age 20, and this is very self-revealing and I have learned, and I will say that. But at age 20, I had 36 credit cards. And that wasn't just yesterday.

And so the point that I think that we need to remember is that there is a zeitgeist right now around let's do something about this. I don't think it started yesterday, and I don't think it is an issue that has been around only for 5 or 10 years.

I mean, this is something that a lot of my classmates dealt with as well, and I think what is happening today that I see is incredible. Treasury is coming together with Education to partner together, and one of the things that I am recognizing from listening and making observations, and talking with Dara and Bob, and others who were here in other venues, is that it really is multifaceted.

I mean, what has happened so far this morning is first we started talking about integration into the classrooms, and then we talked about the way to do that is through tests, and the way to do that is through school boards, and the way to do that is through principals, and teachers, and parents.

And I think what we have is an understanding and an awareness that at every one of those vantage points there is a top down, and there is a bottom up, and there is a side in, and all of those avenues are relevant activities for us to engage in around awareness and around solution, and around lobbying, and around politicking, and all the things that need to happen.

And I guess the question is for me is that I hope what today is like a starting point.

TREASURER MARIN:

Oh, it is.

DR. LUZZO:

And then what happens is that at least some members of the group continue to get together. I think what we need to recognize is that some of the groups here, and others who aren't here, or who are behind us here, have different areas or avenues of expertise for addressing the issue.

And that what we need it seems to me is a very strategic plan around who does what best, and what their charge will be, and how we can partner together given — you know, I am looking at folks that make totally sensible partnerships around one aspect of the issue, and other partnerships around another aspect of the issue,and ultimately we have this holistic attack and plan.

TREASURER MARIN:

Declaring war.

DR. LUZZO:

There you go.

TREASURER MARIN:

What happened Darrell, and just to let you know, that the idea, that this was in fact the beginning, and that we thought that we would start with education, because we really honestly believed that we have to start with the youngest age possible.

And so we felt that this was extremely important, and that this was the best beginning that we could possibly come up with. But the idea — and, Sheila, please interject, but what we are going to be doing is not only holding other roundtables with other people in different partnerships — non-profit organizations, and financial institutions, and so forth — the idea is to create a national awareness that is — to raise the national conscious about financial literacy so that we then get to the bottom, to the middle, to the top, from the in, from the out. You know, all sides.

But this as you can tell from having both Secretaries here, it is an issue that is going to be with this Administration for a long time. But we felt like pioneers, and we felt that this would be the best start.

It is a start, and it is the beginning of what we envisioned to become a national agenda. We are not saying that this is all going to happen in six months. It's not.

We see historically how we have actually declined, and some of you are far better experts, with the decline in savings, and with the increase in credit cards, and the number of bankruptcies.

I mean, those are things that have happened and have evolved over a long period of time. So to turn the tide, it is the beginning. This is the beginning.

MS. BAIR:

If I can just add to that. I believe that this is very much of a long term commitment. It is one of the reasons why we have created a new Office of Financial Education.

But I think on this very short term though, within the next 30 days after this roundtable, we would like to produce a white paper outlining potential strategies for the integration of financial education into core curricula, and highlighting best practices or efforts of States who already seem to be well along in that direction.

We would obviously like to partner with all of you in the development of that white paper, and we would like to turn it around in a very short time frame, because we do want to tap into the effort going on right now in implementing the "No Child Left Behind Act" and developing new standards and assessment measures for math and reading.

I was very sensitive to the comment you made, Robert, and I think others about approaching beleaguered school administrators and principals who are struggling with basic literacy issues, and saying, hey, let's offer some personal finance here, too.

But our thinking was that if we can integrate what they are already doing to get personal financial education integrated into the core math and reading standards, it will help promote financial education for our nation's youth.

But also perhaps make math and reading a little more relevant as well. I mean, I think they are complimentary. And I think what I am hearing is that math really may be the place where we want to start, and that that is the best bet, at least in terms of what is currently going on.

And, Brenda, I was very interested in your comments about really — we have been trying to get the Treasury, since education is not our expertise, but we have been trying to get a handle on who is driving this process.

But I would like to know who are the State Boards of Education that we are listening to in the development of math standards. Is it the math teachers who are driving it? Is it — well, I don't mean to put you on the spot. But these are the people that we need to talk to.

MS. MATTHEWS:

Everybody knows about the math wars, and I think that, yes, the math association, NCTM, back in 1989 was the first groups to put out the standards.

And they also very forthrightly admitted that the biggest problem was communication. In other words, they wrote it in their language, the way they communicate among themselves, and it made a lot of sense.

It is not a language that is spoken in the common public, and so there were major — well, first of all, there were major mindsets that we had to break down, and there were cultural barriers.

And there were people who said, well, I learned this way in school, and I don't care what they come up with. My kids are going to learn it the same way, even though they did not use what they learned in school.

But to give you a simple example, people don't think they are doing math when you say figure out — well, let's use 15 percent rather than 20, because 20 is easier. And you want to do a 15 percent tip on a restaurant bill. You don't take your restaurant bill — and let's say it is $39.37, and multiply it by .15.

I mean, I don't think there is anyone at the table who does that, right? You round it up, down, or around, to the dollar that you want. Some go up to 40, and some go down to 30, right?

And then most of you take 10 percent of that, because that is a nice percent, and then you take half of that, and you add it on. That is a mathematical process. That is an algorithm that you created.

That is called heuristic problem-solving, and that is part of the math standards that came out in 1989. Unfortunately, we use the word heuristic, but no one knew what it meant.

And we did not get the message across that the mathematics that you did in determining that tip was fine. It was perfect. It was using your numeracy skills and not your computational skills. You know, that long multiplication.

So we have a problem in this country. First of all, we have a problem where we confuse standards, which the math standards can get on two pages, and the document is much longer because then you elaborate on them.

With standards and curriculum, curriculum is the day-to-day implementation and the carrying out. The standards simply define what high quality is for the 21st century.

The people who can best do that are within the disciplines. They are the last people that are really heard. When we say who do we listen to, with all due respect to all of the so-called leaders, we have a lot of fine teachers who are doing a phenomenal job in the classroom, but are butting their heads up against barriers that they just — there is an accountability barrier that is literally knocking them out of the classroom.

And we are losing our top-notch teachers at a rate of 30 percent within five years, because they are saying forget this. I am going to go into industry. I get paid more. That is financial education.

They figured it out that I am not getting paid, and you want me to be more highly qualified, and you are paying me a whole lot less. They are using their literacy and they are getting out of the business.

So you have a multitude of problems here, the testing problem. They are not going to match. If you really want the financial literacy that you are calling for, it is not going to match for the most part just one form of a test.

Testing is okay, but it can't be multiple choices, because when you are actually operating in the real world, you are dealing with very complicated problem solving and reasoning.

In fact, for some of us, it gets so complicated that we get financial advisors. We get tax accountants. The government has just put the tax accountant back into business in a big way, and then the goal there is to find out — you know enough, and you have enough problem solving skills to find the right tax accountant, or you get screwed there.

Likewise, it would be the financial advisor. Now, this credit card thing, let's put this in context. When you said you had 36 credit cards —

DR. LUZZO:

Did I say that? Yeah, I did say that.

MS. MATTHEWS:

Well, let me tell you what. I have college students, and I got my daughter a checking account at age 12 to show them that this piece of paper is not money. But let me tell you the reasoning they don't do it, but they have explained to me why their friends have so many credit cards.

Because every single week all of us at this table get statements that say zero percent interest for the next six months. And so essentially what they do is they continue to transfer their balances to these new credit cards for this period of time with zero to 3.4 percent interest rate.

And that to me is financial savvy, because you are no longer carrying this 18 percent rate. You are carrying this zero percent. The thing is that you keep transferring, and so you keep accumulating these cards, and really what you are doing is you are throwing out the card where the rate has gone up.

Now, what they have not factored in is all the other hidden fees. Nonetheless, they are saving money. So what is happening in the schools and the sc-called school curriculum, is what matches the 19th century way of thinking.

Meanwhile, the 21st century way of doing things is vastly different, and all the financial institutions — the credit companies, the banks — they have figured out that we have figured out the old way of doing things, and so they have come up with these new creative ways to hook us, and we are all hooked. When you talk about parents —

MS. BAIR:

If I could ask a question. Why couldn't there be questions about credit card usage in tests, or why couldn't the —

MS. MATTHEWS:

Because they are not multiple-choice questions. They have to be simple scenarios of given this circumstance. You would find the question of should you buy a car or should you lease a car.

MS. BAIR:

Yes, I could think of a really interesting word problem. You know, if you had X-amount of debt, and would it make more sense to keep it and keep paying the finance charge, or roll it over to a new zero percent.

I mean, I guess that's why I am thinking that trying to creatively think about real life financial management issues that you will have to deal with as an adult can help make math skills more relevant.

MS. MATTHEWS:

I think there are teachers who are —

MS. BAIR:

And I would also say that I would like to think that most people of the American population are sophisticated enough to figure out they can save money by rolling their balances into introductory offers at zero percent for a certain period of time in credit cards.

My theory is that there are a lot of those that just keep running up new balances with every new credit card that they get.

MS. MATTHEWS:

Well, that's because you have the other pressure of capitalism.

MS. BAIR:

I think that any financial education plays a key role in that, a fundamental understanding about what you said earlier about exponential growth, which is for debt, as well as savings.

MS. MATTHEWS:

But then that gets back — I think what has been said at the table, you know, where can the government play a role, is that you have standards. So it is not just math alone. There is the integration, and the there is the problem solving.

How do you reason through this, which means how do you read. So when you say that would be a nice word problem, that requires reading, and when we talk about diversity in schools, some teachers are teaching classes with six different languages.

So when you take a problem, and you remove the numbers, and you put words in there, and you create the scenario that matches the real world, you get into a different type of testing type problem.

You get into reading problems, and you get different types of scenarios. But across all cultures, people understand profit and loss.

MS. BAIR:

Right. Well, that is true, and I think there is an interesting — you know, in the earlier grades, I think that is an interesting question whether in the earlier grades you really want to just teach core economic principles of supply and demand.

Whereas, in the later years, you want to get into more specific — you know, problem specific real world examples of financial — you know, any issues that will confront you as an adult. Darrell.

DR. LUZZO:

I know that at least a few of us around the table are on the NAEP economics exam planning or steering committees, and within that context, it has been a very interesting process. We are several months through the process of getting an initial document that lays out the test specifications.

And one of the things — I am on that particular subcommittee of the planning committee, and one of the things that we have talked quite a bit about is how specific we want to be around our test specifications that will be the nation's report card on economics understanding.

And financial literacy is an important component of that exam. I only use that as an analogy to say that as that exam is being developed — and I know that it is not quite the same high stakes exam as it may be to have a performing school, or to get out of high school if it is an exit exam.

But the process allows us to be or to dictate as much as we want regarding the parameters of items. So we are getting to the stage where in the next month or two we are going to determine this percent of items across a variety of economic assessment levels, if you will, will include personal financial literacy examples.

And that is the way that we on the NAEP committee, the planning committee, have decided to address the issue. At first, we felt, well, one of the areas needs to be — as I understand it, with "No Child Left Behind" it is the States who can determine how they are going to assess.

Now, eight States may come together right, and go to ACT, or ETS, and say create this assessment for us. But assuming that, there is an opportunity in this specifications document that item writers use to write items for a test to say this percent of assessment items will utilize the application of personal financial examples, and here are some examples.

Now, that could happen, and I say theoretically to say that again as we think about what each of us can bring to the table in having an impact one way or another on the processes at all of these various levels, some of us may be able to advocate for personal financial literacy applications of reading, of math, in these areas that from 3rd to 8th grade are going to receive increased emphasis in education because of some of the national efforts through "No Child Left Behind."

So I just — it has been a very worthwhile process, and Bob and Dara both are members of the steering committee that have steered us in this direction.

So now we all on the planning committee are making it happen through some very creative ways that I think can be a model for other kinds of assessments.

MR. DUVALL:

And this will be the first national assessment of economics in 2005, and 2006, and I think that in and of itself gives us an opportunity for setting some benchmarks. And what do we expect that assessment to show in four years, and what will it show, and how do we begin now to do something about it.

DEPUTY SECRETARY HANSEN:

Bob, I was just going to say the same thing. I think that is going to probably — we have that tool out there, and I think we need to spend an awful lot of time using that either as a prospective benchmark and what we are going to try to get out of it so that we can use that as a tool to see if are getting —

MR. DUVALL:

A sufficiently distant horizon that we can do something, but it is not so far away that people will forget about it.

DEPUTY SECRETARY HANSEN:

If I could just make one more point, too. And back on the teacher issue, and by the way, Darrell, it is not just the States may, but they shall.

DR. LUZZO:

It is shall, right?

DEPUTY SECRETARY HANSEN:

But they are the ones that have to come up with the standards and we are not doing it.

DR. LUZZO:

Right.

DEPUTY SECRETARY HANSEN:

It is from each State. But also on the teacher issue, I think that somebody mentioned this earlier, that one of the most incredible — and I hope to be effective — new tools of "No Child Left Behind" is the new teacher quality title.

And it is about $3 billion for teacher training, and teacher development, and this is one of those doubling the funding, consolidating the problems into one. And when we really get right now to it, this is — when you talk about math teachers leaving the program for accountability and other purposes, I frankly think that a lot of it also has to do with just the markets.

And frankly our school system is not a market-driven school system. We pay our math teachers the same as P.E. teachers, and so that does make it difficult. And we don't have many other industries in our economy where we have those types of artificial or whatever impediments, where it is a one-size fits all approach.

And that is what this new teacher title does. It allows for differential pay, and it allows for merit pay, and it allows for a lot of innovative things to be done at the State level to make sure that the appropriate teachers are being applied with the appropriate compensation and other incentive packages.

And also I think somebody mentioned alternative certification issues. We have the transition to teacher provision that allows for people leaving the hi-tech world or the corporate world to come back.

And in fact the National Teacher of the Year that was just highlighted at the White House a couple of weeks ago was a second — this was his second career. He was 50 years old and had come back to teaching, and also the troops to teachers with people leaving the military.

And when we talk about leadership as well, I think of a lot of the folks around this table, and we need to also take a look at our system in general, and making sure that we have ways to make sure that we are keeping the teachers, and we are getting the qualified teachers that we need into the system.

And not allowing the old system of one size fits all to stay in place, or we are going to have these continued problems into the future.

MS. DUGUAY:

I just wanted to throw out again going back to assessment, because I know and I hear this all the time, it is the mantra, and we are going to teach to the test.

And I spend a lot of time traveling and many States that I go to, they want to get there eventually, where they will go ahead and correlate these standards to their own assessment tests.

But in the meantime, many of them are using tests from ETS or Stanford Nine. So I guess this is one of my concerns that recently — and just a couple of weeks ago in Illinois, there was a resolution introduced to actually eliminate all assessment tests other than the ones for the core subjects.

And in Illinois, that was one of the model states when it came to personal finance. I grew up in Illinois, and it was not a requirement when I was growing up, but I am old enough, but unfortunately for many years, or fortunately for many years, you had to take a test, one of the Prairie Tests in Illinois, in consumer education.

And if you failed it, and the vast majority did, they had to take a whole semester of consumer education. So now with this new resolution in Illinois that was just introduced, they are going to eliminate all of the tests other than the most essential.

And so we think that this consumer mandate is now going to go away, which is really a shame. But I guess I am throwing out to the group here, because I brought this up many times at JumpStart meetings.

And no one has really come to the exact strategy of how we effect this, but how do we effect ETS, Stanford Nine, these national test makers, that are going to be the assessment tests used in the meantime until States become specific. How do we influence them and get some personal finances.

MS. BAIR:

Good question. Hedva.

MS. KOBES:

It occurs to me that there are some lessons that we can learn from earlier times in our history when faced with an educational need that affects the future of our children, indeed our own national security. For example, the National Defense Education Act provided federal funds for those who trained and worked as teachers during the cold war years. We understood this to be in our national interest. Similarly, today our economic strength is based in large part on the business and financial literacy of our citizens. This strength is one of the foundations of our ability to impact world events. If we look at financial literacy as key to our survival, rather than as an add-on to the curriculum, it might go a long way in moving this process forward.

DEPUTY SECRETARY HANSEN:

One of the priorities that we have had for the last 16 months now is the loan forgiveness program for teachers in the areas of math and science, and special education, in low income areas.

And right now the law allows for $5,000 of loan forgiveness, and we propose to take that up to $17,500, because that is about the average debt that the average teacher coming out to one of these areas would be in debt.

So to basically wipe off the books their loans in return for several years of teaching in those areas. So we are doing that, and we have been pushing it, and pushing it, and pushing it, and I hope that we get it enacted this year by Congress, because it is incredibly important to us, and I think that would really hopefully help clear the decks and attract many new teachers into this areas.

MS. KOBES:

And the connectivity of context. I mean, the reason that we see ourselves as successful in the world stage right now is largely dependent on our economic power.

And our economic power is largely dependent on personal financial literacy, and so as we go forward in the multi-faceted way that Darrell described may be in a crass way the public relations end of this, needs to speak to the heart of personal financial literacy

leading to a strong economic literacy, leading to a strong place in the world stage for our free enterprise system/democracy.

And so I think we need to move from the micro-thinking level to the thing that we all share in the macro, if I could use an economic term.

DEPUTY SECRETARY HANSEN:

Well put.

DR. YAKOMOWSKI:

A question that was posed a little while ago is how do you influence the testing industry itself. First, one needs to realize that there are really just four big test publishing companies out there right there right now; ETS, CT-McGraw Hill, Hard Core Educational Management, and Riverside.

Those are the big ones that take up I would say at least 85 percent of the testing field, and it is an industry, and that industry responds to the RFP, the request for proposals, whether it be from local education agencies, or State.

And so the time to influence that is when the State goes through the process of determining what they want the nature of their assessment to be, because that is when you are writing a response.

Otherwise, you are not going to get or win that RFP, and you are not going to get the dollars associated with that. We certainly know that it is a big money making industry currently and getting bigger.

We ought to have some discussion really, too, about the standards being changed from State to State, and 48 States already have economic standards. I am not really sensing that there is going to be a lot of movement in existing standards at this point in time.

A lot of States spent a lot of effort back tied to the 1994 legislation, and it was delayed in that process, and so it is just a couple of years ago that most States completed that. I think it is going to be more now tied to developing the testing programs to meet the newest legislation.

And that is when the States will be putting together their RFPs, and that's where there is a point in time to be influenced, and to say, well, some of those standards that might now need to be tested lie in the field of economics.

MS. BAIR:

There are RFPs that are out at the State level?

DR. YAKOMOWSKI:

State and also local, particularly in the larger cities, who would be putting out their own RFPs.

MS. BAIR:

So if we could get them to ask for financial education content as part of their RFPs, you are saying that will drive these four major testing developers —

DR. YAKOMOWSKI:

Definitely.

MS. MANISE:

Just following up and reinforcing that, this is a wonderful opportunity, and the fact that you have the department here, and the department is the driving force behind "No Child Left Behind."

It is a real opportunity for you to get the message to States that this is an important agenda item for the Department to be reflected in their RFPs over the next few years. And we do have a large scale assessment conference coming up that perhaps we could spend some time talking about this issue.

DR. ORR:

Sheila, I think you asked the question about — and I am sure if it is okay that we disagree, but you asked the question who tells the State or whoever what those standards should be. I will disagree with Pam.

In the States that I have been involved in the teachers were absolutely crucial in developing those standards. So the teachers say this is what we feel all third graders need to know and be able to do.

And from a practitioner's point of view on these tests, with the State tests, especially one that is going to be high stakes, and with "No Child Left Behind" it may not be an excellent test, but it is going to be a high stakes test as a principal.

And it is very important that your tests be reliable and that it be valid. A test, in order to be valid, every item must link back to a standard, a performance objective, that that child has been taught.

And if we put items on tests that kids have not received any instruction, and so it is very important that we not develop invalid tests, especially when we are talking reading, writing, and mathematical skills.

So when we were thinking of developing our tests as far as social studies, our tests for social studies will link right to the economic finance standards. We are not going to throw this into our reading and writing tests, because that is an invalid test, because those kids would not have been taught possibly those standards.

So I think that we are really talking apples and oranges here, and so you have to be careful.

MS. BAIR:

I think that is a good point, but I think going back to the math standards, because it seems to me — and I am not an educator, but just intuitively it seems to me that a lot of

real life practical problems you have to solve would be appropriate assessments for basic math skills, like balancing a checkbook, and you need to add and subtract.

DR. ORR:

Absolutely.

MS. BAIR:

And compounding interest, and understanding percentages, and I think in California, hasn't academia developed a matrix of how personal financial education skills can be integrated into math standards?

MS. DUGUAY:

There was money received from the J.P. Morgan, and the Chase grant foundation, actually Bob Duvall's State Council in California is leading that effort.

And they have done a matrix, a correlation between the math standards in California, and they are doing a grid and showing various different curriculums that can be used to actually hit and cover those standards.

We have also done a similar thing in Virginia with the Department of Mathematics in Virginia, and they did it with one specific curriculum, which is money math.

And they did a total correlation between the math standards in Virginia, and money math, showing that you can actually cover these standards by using this curriculum. So it can definitely be done, absolutely.

DR. ORR:

My point was that it is important that we just can't work on the items. You have got to work on the standards, because those drive the items, and so you have a valid test.

MS. BAIR:

Absolutely.

DR. LUZZO:

That is that multi-faceted thing. I think you don't ignore having some influence on item writing in test specifications of an RFP, and you don't ignore the need for standards.

And you don't ignore — and I guess that is where I am thinking to my earlier comment that maybe a few of the groups here, and others that you are meeting with as part of these roundtables, partner together around one of those avenues of maybe having an effect.

And then other groups partner on another avenue and so forth, and I worked at ACT for a while, and I know that is not one of the big four when it comes to State level assessments.

But I don't think we can ignore the possibility — and I wouldn't even call it lobbying, but talking with some of the companies, and some of the directors of test development about the importance of — you know, if it is not written into the RFP, there is still an

opportunity to say what are we going to write items about to assess the ability to estimate in multiplication.

And you say, well, how about some personal finance examples. Again, it is just one more avenue. I think a brainstorm list of avenues could have 120 avenues, and then we all use our expertise and experience around those.

MR. DUVALL:

And then to encourage the production and dissemination of standards-based, high quality materials, which enable the teachers to rise to the occasion.

I would just like to mention a project that we are just rolling out now with pride and excitement that the National Council on Economic Education has done together with the National Council of Teachers of Mathematics.

When we have mathematics and economics connections for life, we have teaching materials and a curriculum 9 to 12 and 6 to 8, real life math for today's students.

And these are correlated with the standards nationally, and we will be working to make sure that they are correlated with the State standards.

MS. BAIR:

Michael.

MR. CASLIN:

I would ask that the group of us keep in mind also the long term tracking issue and that we are creating a new generation, and all of our efforts will really be evaluated a decade from now.

And that headstart might be one of the more effective studies in the sense of longitudinal tracking, and the impacts, and the amount of resources that have been mobilized over the years, and obviously there is a debate of the different agendas.

But when all is said and done, and you look at where that agenda started, and where it is now, in the sense of investment by the people of this American country, and it is significant.

MS. DUGUAY:

We sort of have an opportunity right now, because within the "No Child Left Behind Act," within Title V, Section 5131, that lists 27 local innovative education programs that are going to be funded, there is a pot of money, $385 million, that is going to be distributed to the States.

And I guess I would like to just throw this out since time is of the urgency right now, that the local superintendents, and I have been told that this money is going to filter down to the local school districts, and then it is the superintendents who can decide which one, or which combination of these 27 innovative education programs, they choose to use the funding for.

Personal finances is number 11, and I guess what is the best way to influence or to encourage the superintendents to use some of that money that they are going to receive anyways for number 11?

DEPUTY SECRETARY HANSEN:

You are absolutely right. I think the Secretary mentioned that in his opening statement about the innovation fund. I think that this is probably the most fruitful area for finance education to be getting direct assistance from.

But it really — and because this is a block grant, per se, that is going out to the States, the decisions are going to be made at the State and local levels on these issues. And the statute, as you said, points out the menu of options, and actually it can be longer than that.

But it is really going to be critical for folks to be really be working at the State and local levels, and compete for those block grant funds, because we fought very hard to get this State and local flexibility, and so we are not going to be too involved.

We can possibly help again from a bully-pulpit, but they should be looking at this type of initiative or priority. But they are really going to be State and local — you know, which priorities are going to get funded.

So that is really where the attention and the debate, and the lobbying, needs to take place.

MR. DUVALL:

Bill, when will money actually be out there?

DEPUTY SECRETARY HANSEN:

I think it is July 1st, but I will double-check on that and let you know, Bob. That is what we are trying — most of our monies for this fiscal year will be out between July and September, and I think those will be out in July.

MS. CHAPA:

Well, we are getting — believe it or not, it is almost noon. So in an effort to try and give everyone an equal opportunity to communicate their messages here, I would like to before we begin the wrap up portion, and Q&A, and the next steps portion of the panel, I would like to go around the room and give everyone an opportunity to very briefly summarize any kind information or examples of any success, or major obstacles that they have encountered very briefly.

And have everyone be able to have a little time to communicate whatever they want to share with the rest of the panel today, and I would like to start over here with Lawrence.

MR. PATRICK:

Thanks. Our organization, the Black Alliance for Educational Options, does not operate programs. We don't actually operate financial education programs.

What we do is really push and actively support the programs that are out there. So we are pushing for low income black parents to have access to greater educational options, including financial education programs.

So I think that one of the things that is really interesting for us is to make sure in this discussion as we move forward that we keep parents at the center.

And that whatever solution we come up with, that it is sensitive to the fact that there are still lots of parents who have their children in schools where they are not learning basic math. So, standards, assessments, those are great.

But if I am a parent and I am not satisfied with the education that my child is receiving at the school, and I know that I want them to get a good financial education and I want them to learn about personal finance, and I want them to learn about entrepreneurship, and I want them to learn about economics, I think we have to be sensitive to creating some additional option, some supplementary option.

What is that parent going to do? There has to be an avenue for a low income parent to say, hey, there is a great program that already exists, and why can't I enroll my child there?

And often times the reason is just simply money, and simply space, and they say, hey, we are full. We only have enough money to do this for 60 children. If we had more resources, we could expand the program to 200 children.

So I think we have to look at ways not only to integrate financial education into the existing system, but we just have to be realistic about the fact that many of these children are in an existing system where they are not getting a basic math education.

So whatever we devise, whatever solution we look at moving forward, we have got to figure out how to give parents who want that option, who want something supplemental to the school where their children are getting their basic education, we have to give them an additional way out.

We have to give them an additional option, and I think that is really sort of what our organization would like to help with, in terms of the discussion, and I think that we can help with that.

MS. BAIR:

Could I just mention in that regard another Treasury initiative called "Bank on Your Schools," which we have been working on with the people represented in the room behind you, and we hope to roll that out early next month, which involve partnerships between financial institutions and schools.

We are going to start with high schools, but build down from there hopefully in low and moderate income communities. The idea is to — there have been a lot of successful programs, especially with community banks and credit unions, actually establishing branch banks in the schools, and giving the kids a chance to run the bank, or alternatively, being able to have a job actually in a bank.

And for one day a week to go and actually work in a bank. They also get free savings accounts so they can learn how to accumulate money, build wealth, and how a basic account works.

And I think that kind of program, I think, is — we have gotten a tremendous reception for it, and I think that could easily be expanded to address maybe some of the other issues that we have talked about, in terms of lending expertise, and personnel to help teach personal finance as we work to bring the cadre of teachers up to speed, in terms of some of the content matter that we think is so important.

But I just wanted to let you know that we do have that project ongoing and we hope to roll that out early next month, which will be specifically targeted to low to moderate income areas. Go ahead.

MS. THURMAN:

Thank you. As you know, I represent the National School Boards Foundation, which is an organization of the National School Boards Association, and school boards are the top of the K-12 echelon and decision making, at least those school systems that still have school boards.

Within the association, we have a large advocacy group, and obviously they were very instrumental in working in a lot of the pieces of the legislation for the new SEA piece of legislation, "No Child Left Behind."

So we are very, very involved in getting the word out to our members, our school board members, on the implications that bill will make on their school system.

Again, trying to teach school board members, and trying to give them a better understanding of how to operate a very large budget, and trying to give them an understanding about the legal issues that face school board members.

I mean, the training that goes on through our organization is very vast, and we have a lot of on-line training as well. So anything that we can do from our standpoint, I think we would be willing to incorporate some of those financial, which I personally believe in, financial literacy into our training, and just the importance of getting the word out to the school board members, I think is crucial.

And from a foundation perspective, since I am the director of the foundation, I have a large corporate board, and I know — and many of them are from hi-tech companies, and I know that — and coming from the private sector myself, and only again being at the association for 3 months, I know that the private sector needs to be involved somehow.

I don't know what the exact involvement should be, but I would be willing to work it from that angle as well.

MS. MATTHEWS:

There were so many issues brought on the table, and I think the challenge before us, which I think was also mentioned, was the ability to start working together collectively on many of these issues, just as the Department of Treasury and Education have come together.

And I think that is an exemplary model for the rest of us, where we have been operating in isolation in economics over here, and mathematics over here, and where we can come together.

I think that the math standards are out there and can address all the things that were brought up. If we had the opportunity to work even more closely with our partners in economics, in finance education, which in many cases has already started, to put it in context.

So that when we do these assessments, you just don't have an isolated math question on how to subtract one number from another, and what do these two numbers mean, and how do they relate to your financial growth. And why is the subtraction important.

And then, Billie — and I don't have my glasses, but I think I got your name right. But I think we are actually agreeing. I think I probably might not have said it correctly.

But the teachers have worked very hard in many States on standards, and then I have also been bumped up against not a lot of walls, because when you move from standards to curriculum, to adoption, which means textbooks adoption, a lot of times you don't have the match.

And then when you go to the next step to assessment, you don't have a match. So a lot of times when you have the efforts of the teachers put in there, somehow it disintegrates the higher it goes in the implementation process.

So I think the teachers are working very, very hard, but not ultimately heard when it comes — when the rubber hits the road, and you have the assessment in the classroom. And how can we counter that?

Probably with all of the groups collectively working together in a unified voice, similar as we have here, to take on some of the more commercial enterprises that put out these tests, and make it very easy for States, and let's just adopt whoever's test is out there because we have to respond.

MS. CHAPA:

I would just like to piggyback that. I just came on board not even two weeks ago, and when I came on board, a lot of this had already been pre-planned, but in some of the initial conversations that we had, I am really glad to hear you say that, because when I was going over with Louise and with Jesse, who worked with me on this, or actually did most of the work, what I wanted to see happen was exactly what you said.

And I said from my other past lives, I said a lot of these organizations are out there doing the same thing, and put in a lot of work, and they are so focused in having to do what they do, and God bless them for it, but they never get a chance to share and talk, and communicate amongst each other.

And which is part of the reason that I wanted to make sure that you have everybody's information, and so that hopefully this would initiate an ongoing dialogue amongst each of you, and being able to communicate.

And certainly from my perspective in the Office of Financial Education, we hope we can tap into you and maybe work together in subgroups or committees, and look to tap into all of your different expertise.

And so I am really happy that — and although I didn't really know at the time, that this is something has just naturally come about. So, thank you. And on a very personal note, I wish I had had you for a math teacher. You explained all that math stuff really well, and wow, I really got that.

MS. MATTHEWS:

Thank you.

DR. LUZZO:

Well, first of all, I just thank the four of you and your commitment — Secretary O'Neill and Secretary Paige, and Louise did a great job pulling some things together logistically for today, and so thank you to Louise.

And Junior Achievement is committed to our goal, our mission, that hardly maybe ever attainable, but always our drive is to ensure that every child in America has a fundamental understanding of the free enterprise system.

And we often talk within our education team where we develop curriculum, and work with standards, and correlations, and assessments, we often talk about having four basic food groups; basic economics, entrepreneurship, workforce readiness, and last, but certainly not least, personal financial literacy.

And there are some materials that kind of summarize some of our efforts in that regard. Treasurer Marin has been very helpful in helping us promote a lot of what we are trying to do.

We partner with the council, and we are a part of JumpStart, and we are trying to do all the things that we can to assist. And what I would simply reiterate one more time, and I guess my closing comment is, I am grateful for the recognition that this is a starting point of bringing a lot of groups together.

I can say on behalf of Junior Achievement, and from our National Headquarters and Service Center, that we will provide the resource of time and energy, and effort to assist in any way that we can.

You know that you can call on us, as we call on you at times, and we really want to continue to support these efforts in any way possible. So I will close with that statement.

MS. MANISE:

So many good things have been said already. I, too, commend you for gathering together, and sort of getting out of the silos of Education and Treasury, and working together on this issue.

I think if you could replicate a group like this, and include more teachers and what have you on the 50 State level, you would maybe have a third-to-half of your work done.

But just thank you very much for the opportunity, and the Chief State School Officers are 100 percent behind you, and want to assist in whatever way we can.

MS. KOBES:

And obviously Darrell speaks and works eloquently for Junior Achievement, and so I would just like to address actually — or actually go back to Bill's original bully-pulpit and definition.

Bill started by defining what it means of "No Child Left Behind." And his definition was essentially one of financial literacy and economic success.

And so what I would like to put on the table is that when that bully-pulpit is used, and as the message goes out to all of these constituencies, this is not extra. This is not an add-on. This is not something that we are asking the teachers to do in addition to what they are doing.

There has always been a quest with every economic change that we have had, is a quest for relevance, and a quest, you know, for a great math teacher, a quest for a good reading teacher.

Here it is. Here is the relevance, and here is the content, and it is not extra. And secondarily that it is ongoing. My father was also a teacher, and what he used to say to me often as Adam said to Eve, we are living in an age of transition. The age of transition is a constant, and please, let's not send the message that this is in any way extra on top of, or in addition to. This is the core.

DR. ORR:

Well, thank you for the opportunity, and I would certainly agree that it is just so important that we — I think it would be so much fun to teach economics to kindergartners, and in reading, and there is so many ways that we can get this done.

And certainly we have had great examples from NCEE as far as how teachers can in fact incorporate this into their classroom. And it is very doable. A lot of it is creating that awareness, and hopefully the Education Leaders Council, that's maybe how we can help.

And with our States, and with leaders that work with, and State Boards, and Congress, to talk about how this is important, and how can we get this going, because I do think that awareness is critically important.

And then to work with principals, and to show teachers how in fact that this can become part of what they do every day. One thought that I had as far as maybe those tort tests, the Stanford Nine, and the Iowa Test of Basic Skills, might be important for us if we come together again to think about maybe bringing a publisher with us.

And kind of pick their brain a little bit about maybe how we could get — or how many of their items, and just to get some information about how much they do address the math and finance together. So, thank you, and I appreciate it.

MS. EVANS:

Very simply, there has been a lot of synergy in the room today, and I want to commend the departments, both Treasury and Education. As representing principals, we are ready to do it. We are ready to go to work. We are ready to prepare another generation.

We have had the X-generation and let's prepare an E-generation.

MS. DUGUAY:

When JumpStart first formed about six years ago with the initial 20 groups that were part of the core membership, they realized that there was such a great problem in this country with financial illiteracy, and a lot of duplication of efforts, and not a lot of cohesion, and not a lot of partnerships and people working together.

And that we needed to come together in order to solve this problem, and I am very happy to say that six years later that we have 140 national organizations.

The main organizations that we are missing though are some of the key education administration groups, many of them that are sitting here at the table. And our membership are all true believers. You know, most of us have personal finance as a main part of our mission.

Whether we are the Treasury Department, or Junior Achievement, or a group that has personal finance. VISA, you know, is a main component of what they do.

But what we have seen is that many of our great efforts are not — the knowledge about them is not spread widely to the education community. We have some key education groups — Margaret is on my board, and we have NEA — but we need your help to help us spread the word about all of the wonderful curriculums that are available.

We are a structured coalition. We meet regularly, and we have regular communications, and we have ongoing projects. So I guess what I am asking is sort of a plea to the education groups that are here and others that are not here, that if you want to get involved, we are ongoing.

We are a train that is not going to stop. It is just going faster and getting longer and longer, and we need your help. We need your help to get our quality teacher training programs, and their existence known, and our guest speaker networks, and their existence known.

And the curriculum, and their existence known and that is what we are sort of missing, is this bridge from the non-profit, the financial world, to the education community.

And so we are trying to bridge that large chasm in many cases. So I implore you all for your help in that and we would love for you to get involved in our efforts.

MR. CASLIN:

168 years ago, Senator Daniel Webster said that credit is a reflection of man's trust in man. It is one of the greatest inventions and most useful only in the most advanced societies of the world that are self-governing. It is the vital air of the modern economy and has produced a thousand times more national wealth than all the mines in the world.

And Secretary O'Neill and Secretary Paige have called to action to each of us to accelerate the rate of understanding, teaching, and use of personal finance concepts in order for our citizens and nation to reach our full potential is a great call to action.

And we at NFTE stand ready to offer our entrepreneurial services and education services to the nation as part of that strategy, and for a promotion of entrepreneurialship culture, and the strengthening of our democratic capitalist society. Thank you.

MS. WELBURN:

Well, I want to add my words of thanks for allowing us to be a part of this conversation. This is the second time that I have had this opportunity, and each time I go away with a greater sense of urgency; that this is an important thing to do, and in looking at it on the continuum of education from policy to administration, and implementation, to what the practitioner does.

And it has to be integrated and we can't offer the assistance to do it at every level, but we can certainly offer to do it at the policy level. And that is from the very fundamental practice of educating our members about the issue.

They are aware of it, but probably not to the extent that they need to be, and to know that the Departments, both of Treasury and of Education, are committed to this issue.

That through publication and dissemination, and the training that we do, we stand ready to help you. But also I think that one of our strengths as an association is the amount of time we actually spend in States working with State Boards.

We are each year in anywhere from 30 to 35 States and helping those State Boards think about what it is that they should be looking at in the coming year. And so as we work with States around policy initiatives, they are not changing the standards, but tweaking the standards. We would love to be of assistance to you in any way.

MR. DUVALL:

It has been very interesting to me to hear discussed today the five things that the National Council on Economic Education has been about for over 50 years; standards, curriculum, materials, teacher training, and testing and assessment.

And as we look at those areas further with particular focus, I am reminded of the saying — and I can't remember who said it, but that the important thing, the main thing to keep in mind is that the main thing is the main thing.

And there are a lot of us doing different things, and I think this initiative has as other speakers have underscored, brought us together in a sense for the first time, to look at the individual strengths.

None of us can do it all. There are two organizations at least represented here, JA and NCEE, that have nationwide delivery systems. We can get to the teachers and into the schools. We have got a lot of practice doing that.

Last year, the NCEE worked with 120,000 teachers K-to-12 to teach over 7 million students. We are proud of that, until we stop and think about the fact that there are over

50 million students in our schools K-to-12. So we have got a long way to go, and we need all the hands on board.

I think that as we go forward taking a look at what each of us brings to the table, and the particular strength that we can add based on our experience, will mean that the whole that we come out with is more than the sum of the parts.

DR. YAKIMOWSKI:

And I would just like to conclude with three different points. First is that we are seeing a paradigm shift. In the past, curriculum and standards were established first, and from them teacher instructional programs happened, and then tests were developed to be sure that they are in alignment with the curriculum and the standards.

Things have changed over the last few years, and more so now, and while some of us might have mixed feelings, assessment is driving the instruction.

And it is the assessment of how schools are going to be accountable that is also driving other things, such as resources, meaning resources to buy the textbooks, the other student materials, the instructional support materials, the time spent at parent workshops and other kinds of support meetings that we hold, and things of that nature.

But what gets tested gets taught, and so I think if we are going to say that economic literacy is key, then we need to make sure that it gets taught, and this is the time when States and local districts, and others, are looking at the States and beyond testing programs.

But the second point that I wanted to make is that things are happening very, very quickly right now. It is within the next couple of months that the State plans need to be submitted, and it is my hope that even at the State level, local folks are included as the State plans are being developed and submitted that will have profound implications for our students.

Because the bottom line is that I have not heard the word a lot lately around the table today, but I think all of us have in our hearts that it is our students.

And when those State plans get submitted, there are expert panels who meet to review them, too. And time is a premium. It is moving fast, and if things are going to be coming out, it has to be immediately, whether it is through that major conference that is happening on large scale assessment in just a couple of months, or it is through other avenues.

And I just want to point that out, that timing is so key right now. And the third part — and I know that it has been articulated by some already, but I think you really do need to realize that we appreciate you stopping to take a moment to listen to our perspectives, because this is a very valuable point of discussion, of how can we teach economic literacy to our students.

Because they are going to go in the work force, and they might be detoured slightly to go into college first, but everybody hopefully is to be in that workforce, and functioning as citizens today. So thank you very much for that.

MS. BAIR:

Well, I would just say thank you again, and to reiterate to your point, Mary, that we know we are — that we have an opportunity here, but it is a very time pressured opportunity. We need to act quickly.

So within the next 30 days, we hope to get out a preliminary white paper laying out strategies for the integration of financial education into core curricula. And this has been a tremendous first start.

We have heard about the different entry points, and the different delivery systems, the different resources that can be brought to bear, and I think what we will do with this paper is bring it all together, and lay out the options, as well as I think to your point, Darrell, trying to segment for each association, and which entry point and delivery system where they will have the most influence.

So if we can continue to prevail on you on a more informal basis as our staff puts this paper together, we would appreciate it. And we know that time is of the essence, and so this has been a tremendous first start. Thank you.

DEPUTY SECRETARY HANSEN:

I guess I would like to echo what Mary said a little bit about the urgency of what we are all about, and we have such a steep road ahead of us on implementing "No Child Left Behind," and as do the States and the local districts, and the principals, and teachers, and everybody.

And I think as we look at "No Child Left Behind" — and as President Bush said, this is more than a slogan. He really, really means it, and we also need to focus on not just the quantity, and that's "Leaving No Child Left Behind," but also the quality of what is actually being taught, both in reading and math.

And this sort of dovetails into it, and so we very much look forward, and also we understand the whole sense of urgency, we understand that with our grant programs coming out, as well as the assessment and other pieces that we are partnering on.

So we look very much forward to a very busy 90 to 120 days, but it is also a first step. And I think that Bob is — one of the takeaways that I had here was the main test down the road here. I think it is just a critical issue that we hopefully can work together on to really give us a national benchmark in which to work from.

So I appreciate and would like to work with you a little bit more on that as we move ahead.

TREASURER MARIN:

I would just like to thank everybody for taking the time. I know that these are very incredibly busy days for all of you, and I just would like to share with you the fact that this Administration is very serious about this particular issue.

It is going to become a national agenda, and I could not think of more qualified people. I think you have to understand that everybody who is here, everybody was specially

invited because of your great accomplishments in this particular issue.

And I am looking forward to tomorrow, and begin to write that white paper and get on the road.

MS. CHAPA:

I don't know if I want to give my number out, but my number is (202) 622-2901. And thank you all very much. This could not have happened without it being a collaborative effort. I look forward to working with the Treasurer, and we will be in touch.

(Whereupon, the panel discussion was concluded.)

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